

FEB. 22  
1936

# BUSINESS WEEK

BUSINESS  
INDICATOR

80

75

70

65

60

55

Week  
ago

Year  
ago

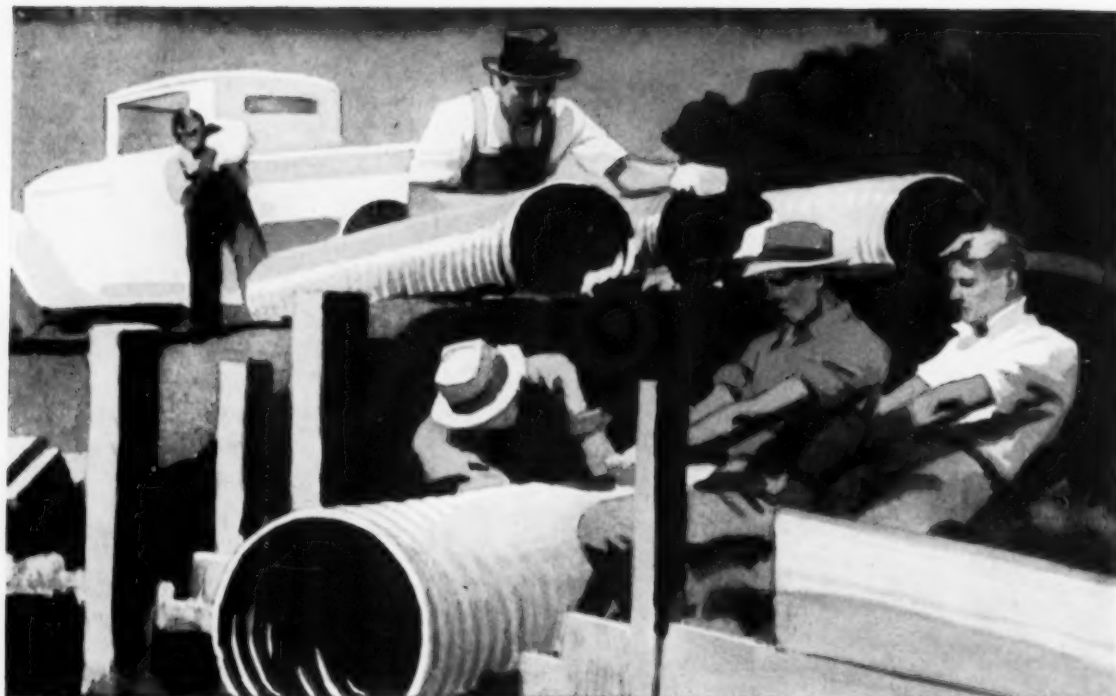
FLORIDA  
SPECIAL

McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

20 CENTS

**SPECIAL BUSINESS**—Winter vacation traffic is up 25%, railroads are running extra sections, people with money to spend are headed South.

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## CUTTING THE COST OF CORROSION

● Men who study costs have learned to insist upon Republic's famous corrosion-resisting, rust-resisting Toncan Iron for places where weaker metals would crumble into costly uselessness.

Throughout America, you will find sturdy, long-lived culverts made of this remarkable alloy of pure iron, copper and molybdenum. In a limitless variety of uses it is saving American business men millions of dollars annually in the unceasing combat against rust and corrosion.

Toncan is but one of the exclusive metals that have made Republic the largest producer of alloy steels in the world. There is also Enduro, the silvery perfected stainless steel.

There is the new Republic Double Strength Steel developed for use wherever a high degree of tensile strength is required. There are the famous Agathon alloys and innumerable special steels developed by Republic and now produced commercially in volume.

And Republic is more than a producer of alloys. It has built an enviable reputation as maker of the fine carbon steels so necessary in products which must be forged, machined or heat-treated.

With its strategically located plants, Republic is in a singularly favorable position to provide the many new steels which have become so necessary to industry at large.



**REPUBLIC STEEL**  
**C O R P O R A T I O N**

GENERAL OFFICES: REPUBLIC BUILDING, CLEVELAND, OHIO



*Republic has 45,000 employees. With their immediate families—not including necessary suppliers and professions—they would make a city of approximately 193,500 people—nearly the size of Dayton, O.—entirely dependent for support upon the activities of this one corporation.*

*When writing Republic Steel Corporation for further information, please address Department BW*

BUSINESS WEEK

# Washington Bulletin

WASHINGTON (Business Week Bureau) — Roosevelt-Norris dream of power yardstick, fashioned by federal government to force down private utility rates, may never materialize. Supreme Court TVA decision emphasizes absurdity of comparing byproduct power of indeterminate cost with that developed in normal utility operation. Any attempt to set up real yardstick on 100% basis will raise issue of government in business, and TVA opinion still leaves that cloaked in lots of fog. Only really certain point is that federal government can sell "incidental" power developed in project for which there is constitutional justification and can construct lines to extend market for such power.

## In, Out, and Unknown

Not only TVA, as directly involved, but Grand Coulee, Bonneville, and Fort Peck seem to have constitutional blessing. 'Quoddy is something else again—built just for power and to provide jobs. General welfare clause of Constitution not mentioned by court; only national defense and navigation grants. Still unanswered is question whether government can loan money to states to encourage power projects.

## Power to the Farmers

Norris bill to provide \$900,000,000 for self-liquidating rural electrification marches one step nearer enactment as Senate Agriculture Committee gives favorable report. Utilities, beginning to worry, brand program silly, charge enough projects can't be found without resorting to developments in rural "slums" where even small monthly bills couldn't be paid. But fact that money couldn't be spent may not deter Congress from grand gesture toward its farmer friends.

## In Its Own Backyard

National Labor Relations Board is not sticking its neck out for Supreme Court ax. Intends to stay strictly inside interstate commerce fence, but might take a chance in cases involving big interests like Ford, General Electric, and Steel, if such issues arose.

## Considered Challenge

Attempt to drag Father Coughlin out of his pulpit and into open political arena by Chairman O'Connor of House Rules Committee was not just an angry Irishman's flare-up. O'Connor talked at length with Roosevelt before sending fight telegram.

## Dodging Drug Bill

Only hope for food and drug bill is for present session to drag out much

## LABOR INCIDENT

*Trade barriers built by union edict constitute new foreign relations wrinkle. Brewery workers — and incidentally, barley farmers—don't want Czechoslovakian malt. Breweries yield to pressure and buy none. Which makes 100% boycott. So Czechs protest to worried State Department which has no experience in battling unions.*

longer than anyone expects. Into August, for example. Measure involves too much wrangling. Administration doesn't want Copeland's bill without amendments which industry would put on heat to block.

## Patman Parade

Mass demonstrations for Patman-Robinson bill aimed at big discounts for chains and other volume purchasers are scheduled. Backers hope 10,000 independent retailers will be here to cheer their congressional supporters and show President, if possible, strength of public sentiment for measure. Fourteen national organizations are planning "march."

## Removing the Props

FHA's modernization credit plan will be extended until December with restrictions to wean banks from government guarantee against losses on scatter-payment business. Many are expected to continue handling these risks on their own account.

## Leveling Trade Barriers

Export-Import Bank may yet function. Selection of Warren Lee Pierson as president, coupled with assurance of decision on Brazilian blocked funds situation, suggests "trade barrier" breakdown. Payment of two and a half millions in cash to settle small claims of less than \$25,000 seems pretty well set, though Jesse Jones, urged by President to take command of negotiations, questions proposal to pay big claims in notes guaranteed by Bank of Brazil and

therefore discountable at Export-Import Bank. This, says Jones, would benefit only few big corporations, hence is in bad political odor.

## Foot in Mouth

Senate's unwillingness in an election year to O.K. sanitary treaty which would let in Argentine mutton from uninspected zones stirs up again Argentine indignation at U. S. "libel" on its meat as contaminated by foot-and-mouth disease. Which Roosevelt hopes to pacify by selecting Buenos Aires as site for Pan-American peace gathering and by smooth words. Object: to get same favorable trade consideration which Britain now enjoys in Runciman-Rocca agreement, allowing her to sell in Argentina without investing proceeds there.

## Monrovia Neutrality

Congress gives a hand to our new Pan-American policy by adding a significant amendment to the stop-gap neutrality law, now extended to May 1, 1937. Our arms embargoes will not apply to other American nations embroiled with non-American ones. "Permanent" neutrality legislation awaits another year—or another war.

## Tops in Taxes

John Taxpayer, U.S.A., is second hardest hit in world (trailing only his prototype in Britain) and he may win first place most any time. Would have it now if F. D. R. were to hike taxes enough to balance budget. Federal and local governments in United States spent \$135 per capita in 1935, against a comparable \$117 in Britain. Total per capita taxes here were \$81 and in Britain \$98. Obviously, John Bull cannot keep his lead very long.

## Little Fellow Pays

Only two tax paths to balanced budget are open, revenue experts say: increased levies on small incomes with lower exemptions, or a general sales tax. Both of which hit little fellow, who is much harder hit in Britain now, and will be here after election.

## No Surrender

Compromising those income tax disputes will be much harder, with Robert H. Jackson as assistant attorney-general in charge. Jackson's policy is: Make 'em pay in full. Take 'em to court. Don't compromise.

## March Rains Worry

Popular apprehension that heavy snow blanket will cause disastrous floods when cold spell finally breaks is unfounded, Weather Bureau opines. Real cause of concern is possibility of heavy rains in March.



# Firestone

## TIRES RUN *up to* 28° COOLER

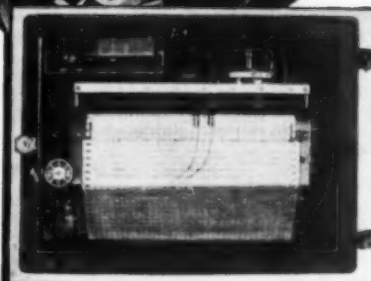


● Every truck operator knows that internal friction causes heat and heat is the greatest destroyer of tire life. The only way to counteract friction and heat is by Gum-Dipping, the Firestone patented process, which soaks the cords in liquid rubber, saturating and coating each tiny cotton fiber and strand within the cord, counteracting friction and heat at their very source. As a result of this patented process, Firestone Tires run up to 28° cooler than tires built without Gum-Dipped Cords.

This is why Firestone Tires are used on the country's largest transportation fleets from coast to coast. These operators choose tires strictly on performance . . . they know that Firestone Tires give them more dependable service at lowest cost per mile. See your nearby Firestone Auto Supply and Service Store or Firestone Tire Dealer today and start reducing your operating costs.

*Listen to the Voice of Firestone featuring Richard Crooks or Nelson Eddy—with Margaret Speaks, Monday evenings over Nationwide N. B. C.—WEAF Network*

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### FIRESTONE TIRES RUN COOLER

This scientific instrument accurately measures the heat generated in tires at high sustained speeds. Firestone Tires run up to 28° cooler than tires built without Gum-Dipped Cords — this means added strength, greater dependability and longer mileage.



# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



## BUSINESS WEEK INDEX

Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
*69.4	171.3	73.3	62.9	64.2

## PRODUCTION

* Steel Ingot Operation (% of capacity)	51.7	52.0	49.9	49.1	37.9
* Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$7,653	\$8,236	\$10,095	\$3,712	\$5,158
* Bituminous Coal (daily average, 1,000 tons)	*1,683	1,483	1,494	1,456	1,309
* Electric Power (million kw.-hr.)	1,950	1,952	1,950	1,761	1,627

## TRADE

Total Carloadings (daily average, 1,000 cars)	104	104	103	99	99
* Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	59	60	62	61	61
* Check payments (outside N. Y. City, millions)	\$3,139	\$4,102	\$3,699	\$2,647	\$2,922
* Money in Circulation (daily average, millions)	\$5,775	\$5,755	\$5,735	\$5,440	\$5,317

## PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.07	\$1.10	\$1.12	\$1.00	\$0.70
Cotton (middling, New York, lb.)	*11.66¢	11.69¢	11.87¢	12.66¢	9.82¢
Iron and Steel (Steel composite, ton)	\$33.45	\$33.44	\$33.34	\$32.54	\$30.53
Copper (electrolytic, Connecticut Valley basis, lb.)	9.250¢	9.250¢	9.250¢	9.000¢	7.635¢
All Commodities (Fisher's Index, 1926 = 100)	83.4	83.5	83.8	82.4	70.3

## FINANCE

Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,500	\$2,493	\$2,485	\$2,468	\$1,995
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$21,082	\$21,023	\$20,913	\$19,517	\$19,736
* Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,853	\$4,851	\$4,932	\$4,908	\$6,271
Security Loans, Federal Reserve reporting member banks (millions)	\$3,142	\$3,126	\$3,193	\$3,124	\$4,776
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,083	\$1,062	\$1,119	\$895	\$990
Stock Prices (average 100 stocks, Herald-Tribune)	*\$117.76	\$116.92	\$113.95	\$97.91	\$103.78
Bond Prices (Dow, Jones, average 40 bonds)	*\$102.57	\$101.97	\$100.84	\$97.16	\$88.55
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	1%	1.4%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1%	1%	2.0%
Business Failures (Dun and Bradstreet, number)	194	209	246	233	452

\* Factor in Business Week Index \*Preliminary † Revised

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Business Week



# A "new departure" in doorbells rang up the curtain

## for the world's greatest ball bearing business



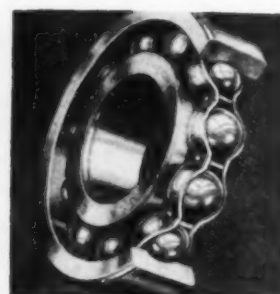
This doorbell was a *new departure*. It provided the "electric" ring householders wanted, but it did not require the "wet" batteries then in use.



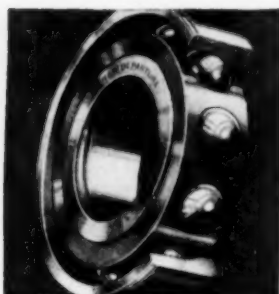
The New Departure coaster brake brought new enjoyment and safety to bicycling. Standard equipment on nearly every bicycle. Used for years by millions of riders.



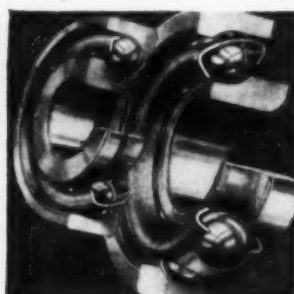
New Departure's double row, multi-purpose ball bearing which resists loads from any direction. Original with New Departure, now used in industry everywhere.



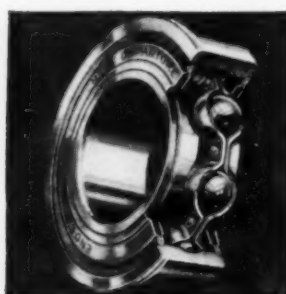
In America New Departure first made ball bearings in quantity and of uniform quality—developed precise dimension control for large-scale production of metal products.



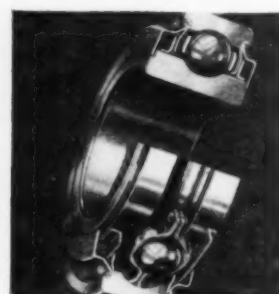
Radax, single row ball bearing which resists combined radial and thrust loads from one direction. Two Radax bearings opposed sustain loads from either direction.



New Departure front wheel bearing used in over 15 million cars and trucks. More than 64 millions used throughout the world, in many makes of cars and trucks.



N-D-Seal. Bearing and seal a self-contained unit. Also furnished doubled-sealed and lubricated-for-life. Keeps dirt out, lubricant in.



Automobile rear wheel bearing. Completely sealed and lubricated for life. Eliminates many operations and extra parts. Standard equipment on 9 makes of 1936 cars.

**N**EW DEPARTURE'S start centered around a better doorbell. From this "new departure" grew a great industry...the greatest ball bearing business in the world.

The rise of this business has been built on a series of "new departures". One after another, for more than a quarter of a century, they have appeared. Industry has welcomed these inventions

...has come to look upon New Departure as the first authority on ball bearing practice—as the master of the art.

On this page are shown a few outstanding "new departures" chosen from scores.

The New Departure Manufacturing Company, Bristol, Connecticut. Engineering staffs also at Chicago, Detroit, San Francisco and London.

*Nothing Rolls like a Ball*  *No Other Form so Strong*

# NEW DEPARTURE BALL BEARINGS

PEDIGREED MATERIALS • CREATIVE ENGINEERING • PRECISION MANUFACTURING

# The Business Outlook

THE TVA decision focussed attention this week on the outlook for the utilities. They found the Supreme Court's ruling disappointing, partly because it left so many pertinent questions unanswered. The extensive expansion programs that many of them have planned may be held down until the legality of the holding company act and PWA's financing of municipally-operated plants is decided. Non-ferrous markets that have been counting on a substantial volume of business from the utilities on the strength of a decision against the government were also disappointed. However, they see orders ahead under the pressure of increasing power demands.

## Weather Hits Business

Largely because some cities observed Feb. 12 as a holiday, and partly because continued cold weather cut down sales volume, check transactions took such a nose-dive from the preceding week that our index of business activity dipped sharply. Compared with a year ago, however, check transactions still show a favorable margin in all sections of the country with marked improvement in the industrial East and on the West Coast.

## Motor Sales Coming Up

Weather has been a factor in curtailing motor sales and production schedules, which, in turn, have robbed steel of its customary January and February bulge. The November introduction of new models has also leveled off production in the motor industry this year. But returns now coming in from the field suggest that January sales were considerably better than the most sanguine expected, despite the weather. Some 220,000 passenger cars are estimated to have passed into consumers' hands last month, a new all-time high for January, exceeding even 1929. Truck sales of 42,000 also represent a new high for the month. February returns will probably fall below this level, but March should show the customary revival of motoring enthusiasm.

## Figuring Car Prospects

Motor production schedules were expanded this week following several weeks of contraction. The month, however, will fall short of both January's estimated total of 380,000, and last February's output of 353,781. Whether production will be accelerated sufficiently in the next few weeks to lift March totals above the 451,768 of last year will depend pretty much on how the public takes to cars next month. A 500,000-car month, comparable to April, 1935,

## REAL ESTATE TIP

*Urban real estate again looks good to life insurance companies. Since Jan. 1, some 45 of them have invested over \$34,700,000 in city mortgages against less than \$6,300,000 in the same period of 1935. Urban mortgages absorbed 14.4% of life insurance funds invested this year against a mere 2.3% in the comparable weeks last year.*

seems unlikely this year under the stabilization scheme of production. Still, a total of more than a million cars for the first quarter will compare favorably with some of the best years in the history of the industry.

## Copper Rise Ahead

The posted increase in copper prices by a leading producer a few days prior to the TVA decision brought a heavy volume of buying by forehanded consumers at the 9½¢ level. Observers believe that, despite the temporary setback caused by the court decision, the market is strong enough to follow the higher price in the not-distant future.

## —With Increased Buying

Copper consumption in January increased substantially over the December level. First-quarter tonnage may exceed the 52,000-tons-a-month average of the last quarter of 1935. It is the second quarter to which the industry looks for a buying spurt. Construction, automobile, utility, paint and farm equipment industries are counted on to boost demand for copper, lead and zinc.

## New Machine Tool High

The 22% increase in the domestic demand for machine tools last month lifted the index of machine tool orders to a new high in the recovery cycle. With foreign business added, the January index reached 110.8% of the 1926 level against 98.3% in December. The first quarter of 1936 thus gets a flying start, and should exceed by a wide margin the 60.3%

average of the first quarter of 1935. Several million dollars' worth of business from motor centers is pending.

## Lumber Uncertain

The Lumber Survey Committee expressed disappointment that lumber stocks, which were substantially reduced in the first half of 1935, increased 500 million ft. in the last half of the year, following the end of NRA. The outlook for lumber was therefore characterized as "hopeful, but uncertain." Consumption for the first quarter of 1936 is estimated at 4,873 million ft., a rate indicating 20 billion feet per year. In 1935, lumber consumption was placed at 18,464,000,000 feet. Building, railroad, furniture, motor, box and crate industries will help lift lumber consumption this year.

## Confusion in Cotton Textiles

Though cotton consumption by domestic mills in January was the largest for the month since 1929, sales of textiles for future delivery have fallen below trade expectations this month. The process tax rebate problem, the threats of retroactive taxes and of a dress strike—and more recently the confusion attending the probable disposition of the huge government holdings of cotton—have all been a drag on the market. Buyers have fallen back on the hand-to-mouth scheme of purchasing.

## Rush for Wool

In woollens, the situation is more cheerful. Mills claim to have enough orders on hand to keep going at current levels for 11 weeks. Prices are now moving higher on carpets, men's wear fabrics, and other woollen lines. Wool is being purchased on the sheep's back in the Southwest, a situation unheard of for some years.

## Shoe Production Rises

Shoe production in 1935 reached a new all-time high figure of 383,761,499 pairs, a 7.5% increase over 1934. Men's dress shoes increased 15% in output, while work shoes declined 5%. Operations in shoe districts are now seasonally headed upward to supply the Easter demand, but the resistance of retailers to higher prices may hold production in the first quarter of 1936 close to last year's totals.

## More Rubber Wanted

Rubber consumption in January reached a level that has been attained only three times since 1929. It was 13% above December and 3% above January, 1935. The change in the motor schedules and an increased industrial demand in other rubber-consuming fields account for the gain.





**THERE ARE THOSE WHO CARRY THE  
TORCH AND THOSE WHO CAST IT ASIDE**

In all the stress of these strenuous days there is need to restate, again and again, the illuminating fact that American Business is essentially fine and high-minded. For all the world it has long carried the flaming torch of integrity. No other country has had its high standard of ethics. No other country has excelled it in the production of honest and superior merchandise. Even today America stands alone in the number of its outstanding successes that have come from the making of conspicuously worthy wares. » » » In stout determination to produce only that which is excellent, and to give freely a nation-wide service of unique character, this company reasserts its tenacious faith in the forthrightness of American Industry. A. B. Dick Company, Chicago.

**M I M E O G R A P H**



# BUSINESS WEEK

FEBRUARY 22, 1936

## Yellow Light

**Supreme Court lets government proceed with caution on power program, leaves its invasion of private industry still undecided at many points.**

TVA gets a yellow light—to proceed with caution—from the Supreme Court. So does the Administration's power program generally—though the hint of a possible red glare ahead is rather obvious, with the actual words of the opinion approving everything the Tennessee Valley Authority has done up to now, and just as studiously avoiding decision of any point not vital to the rather narrow case before it.

All of which leaves ultimate solution of the question of how far the government may go in private business still up in the air. Each case, apparently, must stand on its own bottom, the essential question in each being whether some good constitutional excuse can be found for a given operation, thereby justifying what the government wants to do.

### Limited Approval

Eight of the nine justices concur that what TVA has done so far is all right, but they carefully limited their approval to sale of "surplus" power incident to operations within the scope of the federal Constitution—navigation control and national defense functions.

In fact they specifically mentioned the possible sale of a manufactured product—they mentioned steel but might just as well have been thinking of fertilizer—and asserted they were *not* passing on that. Incidentally TVA has carefully *not* sold any fertilizer. It has given it away—for demonstrations of its value on selected farms.

In effect, it was an eight-to-one decision. Justice McReynolds—of deeply involved Tennessee—was the only complete dissenter. Four of the more liberal justices objected to the case having

been considered at all, but concurred in the majority view.

In looking toward future decisions, on other cases, such as many of the Public Works Administration variety, two very sweeping points are important. One is that the government, as soon as the original waterway improvement is found to be constitutional, acquires incidental power developed, which thereupon becomes its property, to be sold as it may desire. Also that to build transmission lines, so as to reach a wider market for this property, is sound.

The best legal opinion is that the TVA decision puts the seal of approval on Grand Coulee, on Bonneville, and on Fort Peck. In each of these cases it is believed that the TVA opinion, holding that navigation is a sound constitutional excuse for the project, would permit the sale and distribution of "incidental" power developed. There is room for argument, but not very much. They might not be approved by an eight-to-one decision, but they would probably be approved by a majority.

Passamaquoddy is something else again. That has nothing to do with national defense, or with navigation. It has only two purposes—to harness the tides for the development of power, and to provide employment.

What the court might say about the necessity for the federal government's

providing jobs for the unemployed, and then selling the "incidental" power produced as a result, no one can tell. There is not a hint in the TVA opinion. In fact the much-talked-about general welfare clause of the Constitution was not mentioned.

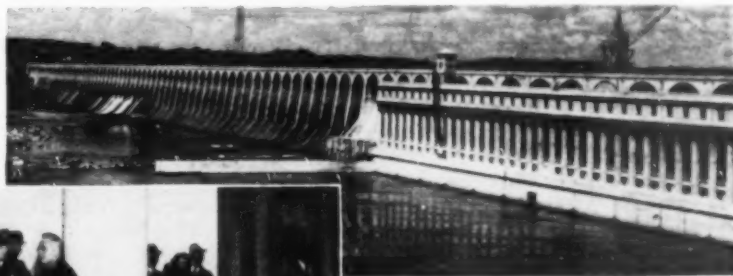
For that matter, neither was flood control, though there is plenty of discussion of the right of Congress to undertake works in the interest of navigation as a part of interstate commerce, and flood control can generally be hooked up with navigation, not only by engineers, but by smart lawyers.

### Loan Challenged

Nor is any light thrown by the high court on what may happen to the Santee Cooper project. Here there is no question of the right of the state of South Carolina to do what is being done. What is being challenged is the constitutional right of the federal government to encourage South Carolina to do such a thing by loaning her the money at a low rate.

Washington notes with interest and a little amusement that, while the Department of Justice is at last celebrating a victory in the high court, some of the honors go to a Republican. TVA went outside the department to hire the strategic talents of John Lord O'Brian of Buffalo, assistant attorney-general under Hoover. He shares the credit for holding the case firmly down to the narrow limits within which the government won without risking its broad social program in the Valley.

Utility lawyers protested but eight justices stayed within those limits, leaving only Justice McReynolds to tell private industry that "under the thin mask of disposing of property," the govern-



Underwood & Underwood

**59 DAYS**—Each Monday morning for several weeks, crowds lined up outside the Supreme Court building, waiting for the TVA decision. This week the court spoke, after 59 days of deliberation: The government has the right to sell surplus electricity produced at Wilson Dam (above).

Harris & Ewing



ment has found "an easy way . . . for breaking down the limitations heretofore supposed to guarantee protection against aggression."

Meanwhile, disappointed utility interests deliberate means of bringing up the broader question. Legal opinion was divided upon the vulnerability of the other TVA dams, Wheeler, Norris, and Pickwick. Amendments to the act last year specifically labeled these dams navigation projects. In the TVA decision, Chief Justice Hughes quoted Marshall's dictum that Congress "under the pretext of executing its powers may not pass laws for the accomplishment of objects not entrusted to the government." This may be the nub of the next case.

The utilities still have hopes that TVA's invasion of the power field may be checked by preventing municipalities from taking current. The National Power & Light Co., Electric Bond & Share Co. subsidiary, is trying to enjoin Knoxville, Tenn., from building its own system to distribute TVA power in competition with the company's system. Most of the hundred-odd suits to restrain Public Works Administration from financing publicly owned utility systems hinge upon the same legal point. Two of these cases have reached the Circuit Court of Appeals, but are unlikely to get to the Supreme Court this session.

## Farm Buying News

**Analysis of newest deal for farmers shows where the money goes.**

BUSINESS will continue good in the farm areas, weather and pests permitting. Washington is going the limit to make sure of rural buying power and votes. Enactment of the soil conservation-acreage control measure on top of the appropriations for the farmers in the deficiency bills is designed to put the farmer in line for just short of \$900,000,000 of federal funds over the next 12 months. That jumps Agricultural Adjustment Administration benefits of the last two farm years some \$300,000,000.

The Bankhead farm measure is expected to contribute \$500,000,000 of this. Allocation of that amount throughout the farming territory will depend upon the discretion of Secretary of Agriculture Wallace. His authority over disbursements will be measurably broader than his powers under AAA.

Most of the other \$400,000,000 is headed to definite areas to which smart sales organizations will immediately address selling campaigns. Major item is \$290,000,000 to satisfy old AAA contracts. Corn belt farmers get \$106,900,000 of this; some \$121,400,000 goes to the wheat farmers (the greater por-



**BEAR HUNT**—The Senate wants to know whether the severe break in the cotton futures market on Mar. 11, 1935, was just a healthy reaction or whether some big cotton bears deliberately depressed prices. Oscar Johnston, head of the cotton producers' pool (left); N. C. Williamson, president of the American Cotton Co-operative Association; and Senator Pope of Idaho (right) are among the probers.

tion to winter wheat areas of the Southwest and the Ohio Valley); another \$35,000,000 will be divided between the cane sugar growers of the Gulf states and the beet raisers of the West.

Cotton states get only \$12,700,000 from unpaid balances on AAA contracts, but they have an additional \$50,000,000 coming from the government's guarantee of 12¢ per lb. for the 1935 cotton crop. Seed loans of \$50,000,000 and a modest \$1,310,000 for purchase and removal of surpluses are not earmarked for particular areas. The tobacco, peanut, and rice producers have to divide their remnant of \$7,300,000 AAA benefits too widely for them to have much effect upon farm sales.

To guide Secretary Wallace in dispensing the new type of soil-conservation inducements, Congress is laying down the broadest kind of directions. It is apparent that he will be able to reward farmers on the basis of proportion of acreage cropped, acreage of soil-improving or erosion-preventing crops, changes in farming practices during the year in which the payments are made, or on the proportion of normal production required for domestic production.

All that is in the temporary section of the measure, to provide a stopgap until states can enact their individual soil conservation laws. Under this, states may take over the job for their own farmers at any time, and if they have not done so by Jan. 1, 1938, federal bounties stop. Granting states this privilege to set up their little AAA's immediately is a concession to Congress constitutionalists. The original draft of the bill provided only that permanent regulation under state authority would be set up under subsequent legislation.

As now drafted, states can qualify for federal grants to carry out their own

plans by complying with one or more of the broad purposes of the federal legislation, but the Secretary of Agriculture is judge as to compliance, and any plan must allow for his general supervision of the state program.

The broad—very broad—purposes are: (1) preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; (4) reestablishment and maintenance of farmers' purchasing power; (5) maintenance of a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers; (6) prevention of erosion of rivers and harbors.

## Wine of the Week

**Retailer starts "club" whose members receive series of bottles, with instructions.**

THE Book-of-the-Month idea has been adapted by a New York retailer to boost wine sales. A "Wine of the Week" Club has been inaugurated by the Cork & Bottle (that's the name of the store).

Each "member" pays \$30 for the "course." In return he gets one bottle of imported wine a week for 16 weeks—a different one every time. With each bottle the subscriber receives a description of the wine and instructions on serving.

The first instalment was Pouilly Fuisse, a white Burgundy. Accompanying it was a statement telling about the producing district, characteristics of the wine, food with which it should be drunk, proper chilling, good years, etc.



# Going After the Business

**Finance companies are getting set for a drive on electric appliance paper, now that Federal Housing Administration is pulling in its overzealous neck.**

THESE are restless days for the finance companies. Under the surface there is a current of expectation of action.

Having just recovered from an upheaval in the automobile end of the business, which simplified and scaled down auto financing contracts, the finance people now have their eye on the Federal Housing Administration and the electrical appliance paper that constitutes large instalment volume.

On Feb. 15 the FHA discontinued insurance (under Title I of the National Housing Act) of paper covering movable equipment on which the original sale had been made without down-payment (*BW*—Feb 15 '36, p. 32). From that date on, FHA announced, it would insure only sales contracts where a 10% down-payment had been made.

## Finance Companies Passed

Movable equipment (comprising mechanical refrigerators, washing machines, etc.) sold on the no-down-payment, long-term, carelessly checked FHA plan had made finance companies sick.

But stiffening of the FHA rules on this class of instalment business has proclaimed what the finance companies already knew—that FHA had finally

got a bellyful of bad electric appliance paper. (Already FHA had been asking leading companies to collect about \$500,000 of defaults for a 15% commission, and finding no interest.)

The decision to require a 10% down-payment on such things as refrigerators at least brought FHA up to a competitive level, if it did not do away altogether with FHA's participation in this field. Finance companies will sell a \$125 refrigerator on a \$10 down basis. Under the new rules, FHA asks \$12.50 down. Small down-payments are a powerful argument in making sales, and dealers are now tempted to get back on the finance company side of the business.

The modernization credit section of the National Housing Act expires on Apr. 1. With FHA admitting that it got burned on the small movable equipment business, the time-payment companies consider it an even bet that the Housing Administration will be willing to drop the little stuff altogether and extend only the articles that cover the original purposes—stimulation of heavy repairs and modernization.

Under these circumstances there is a big push contemplated to get the busi-

ness that may suddenly be available to competitors. Commercial Credit Co., for example, is offering its Economy Purchase Plan, a tieup of utilities, finance company, and manufacturer that has worked successfully in Alabama, Michigan, and New York. It calls for sale of appliances through regular dealers, collections through the utilities, and financing through Commercial Credit.

Commercial Investment Trust is thinking up something fancy of its own.

## Rate Problem

What the instalment people are afraid of is that the push for business will develop on more than a straight service basis. In other words, with the experience of the auto rate cuts in mind, they are wondering if refrigerator and washing machine financing will have to come a little cheaper also.

But whether finance charge reductions are in order or not, lengthening of contracts and the lowering of monthly minimums will be demanded.

## Chamber of Horrors

**Attacks on advertising sounds official even if it isn't.**

ADVERTISING men had known it was in the wind for a year or more, yet the actual publication this week of Miss Ruth Lamb's "American Chamber of Horrors" (Farrar & Rinehart, \$2.50) has created a big stir in the business—as only a book such as this can.

For one thing this "exposé" of why consumers need a new food and drug law and why they haven't got one yet appears at an exceptionally awkward time, coming as it does just when various reform moves within the industry are beginning to bud and just when there is a good deal of talk going around that Rep. Vito (Firebrand) Marcantonio intends to sponsor a resolution calling for a food and drug lobbying investigation after he completes his silicosis probe.

## May Mean New Drive

Further, the industry fears that the book may administer a final blow to the compromise Copeland bill which they are beginning to despair of getting through the House this session. Although the author gives qualified approval to the measure as the best possible one at present, her views on its deficiencies—specifically, in the amendments made by Senators Bailey, Clark, and Vandenburg (*BW*—Apr 13 '35, p. 16; May 25 '35, p. 22)—are sure to breed more consumer criticism and strengthen demand for a new and stronger bill next session.

The author, Ruth Lamb, writes from a rich background. Three years ago, she came to the Food & Drug Administration direct from the advertising field, where for a number of years she had



**WE HAVE COME FAR**—Modern business paused to check up on progress last week with the opening of the new Museum of Science and Industry in New York. Light from a candle used by Michael Faraday, electrical wizard of a century ago, started an impulse which was carried across the ocean to turn the lights on at the museum's dedication. And none was more interested or enthralled than Prof. Albert Einstein, who was among the distinguished guests.

written copy for some of the leading advertising agencies. As Chief Educational Officer, appointed by the Civil Service Commission, it has been her job to explain to the public the workings of the food and drug act.

Although "American Chamber of Horrors" is officially branded as "unofficial" its copious citation of Administration records tends to make it sound authoritative. These tactics, however, open no loophole for industry representatives who would like to strike at the work, for the President has authorized all appointees to write for publication when and as they please and the volume conforms to Department of Agriculture regulations, having been written on her own time.

#### Pooh-Pooh

The book takes its name from the exhibit of fake cures and remedies which the Department sponsored in its early campaign for the original Tugwell bill. The industry pooh-poohed those as a collection of small-time rackets.

In the first seven chapters of her book, however, the author devotes herself to making it live again—and as something really important. For example, she points out that in one year Marmola, the thyroid obesity cure now before the Federal Trade Commission, did a \$600,000 business; Koremlu, the thallium acetate depilatory, sold 120,000 jars at \$5 straight or three for \$10; B&M tuberculosis remedy rolled up a gross of \$367,000. She insists that big advertisers and publishers must bear responsibility for the F&DA's failure to drive the death-dealing "cures" from the market by forestalling a really effective law.

Among some of the nationally known food and drug products which she attacks are Bromo-Seltzer, Fleischman's yeast, Cascarets, Crazy Water Crystals, Kruschen Salts, Jad Salts, Del Monte and Libby canned goods, Towle's Log Cabin syrup, Welch's grape juice, Ovaltine, Listerine, Kraft's Miracle Whip, and such processed cheeses as Pabst-ett, Velveeta, and Chateau.

The book is rounded out with an elaborate appendix in which popular cosmetics are analyzed and ingredient costs

compared with prevailing resale prices. This section also contains complete data assembled in an investigation of 505 cans of fruit and vegetables. Brand name, price, declared quality (if any) and actual quality ratings are noted.

It is this deliberate attack on nationally known goods which this week was particularly exercising advertising men, for the book seems assured of extensive distribution, thanks to women's club support, publicity in government organs, and the appeal of illustrations.

## Cold Weather Prices

**Butter, eggs, and coal go up as mercury goes down and storms block road to market.**

LAST December two of the biggest New York butter and egg men argued butter prices and markets over their cocktails. Mr. Dairies strung along with Department of Agriculture economists who predicted that the season's peak in prices for butter was at hand. Butter was then at 34¢, the best price for the season since 1929. Mr. Creameries couldn't see it that way. He had made money the year before by importing butter and expected to do the same thing again.

Out of their argument came this series of wagers on the course of prices up to May 1, 1936. Mr. Creameries bet Mr. Dairies even money that butter (92-score creamery—New York wholesale) would touch 35¢; 1 to 2 that it would reach 36¢; 1 to 3, 37¢; 1 to 4, 38¢; and 1 to 5, 39¢.

Mr. Creameries collected the whole series last week when dairy states throughout the country were snowed under, trains and trucks floundered in drifts and New York ran out of butter altogether.

Meanwhile eggs, which had been unusually plentiful and cheap, jumped 12¢ to 13¢ per doz. in four days, only to tumble back half that distance when five days' receipts finally reached New York from the Pacific Coast.

Butter, which comes from Minnesota, Iowa, Illinois, Wisconsin, the storm centers, will be slower in resuming a normal marketward flow. Creameries in the country aren't getting the cream in from the farmers and have just as much trouble getting their butter out to the city consumers.

#### All Tied Up

A station in Iowa that normally receives 700 to 1,000 cans of cream daily got 70 cans one day last week. Instead of its usual five cars of butter, it shipped one car to New York during the week. One carload of butter started from Wisconsin by trucks traveled only 100 miles in 3 days. When the truckers finally turned back to a rail terminal they discovered the railroad had no car available and could provide none. The facilities it had dug out of the snow were monopolized in a rush of coal traffic. For, while the East reads the weather reports in higher butter and egg prices, the Middle West finds its storms and sub-normal temperatures reflected in higher coal prices. Chicago retail coal yards jumped prices on soft coal from Illinois, Indiana, and Kentucky fields 25¢ per ton last week, passing along the full advance recently made at the mines. Middle Westerners can get smokeless West Virginia coal at usual prices, but must take "run of mine." Neither producers nor distributors can take time to grade it in the rush of business brought upon them by the almost nation-wide shortage.



Wide World

**EASY DOES IT**—This machine knows how to handle eggs. Start them carefully, and it will sort four different grades of eggs according to weight, then pack them into commercial cartons at the rate of 140 dozen an hour. Visitors saw it do its stuff at the Northeastern Poultry Producers exhibition last week, in New York.

# "Time Marches On" with **INTERNATIONAL TRUCKS**

The next time you see The March of Time in your favorite theater, imagine another installment in the making. As you travel across the sound screen watching today's events, The March-of-Time's cameras are catching new people and places for the news of tomorrow.

Here is a March-of-Time International Half-Ton Truck cleverly equipped to advance the efficiency of its sound-and-camera crews. As the editors keenly follow the trend of the world's news this truck with its cameras and microphones

is constantly in range of the dramatic events the editors are recording for the screen.

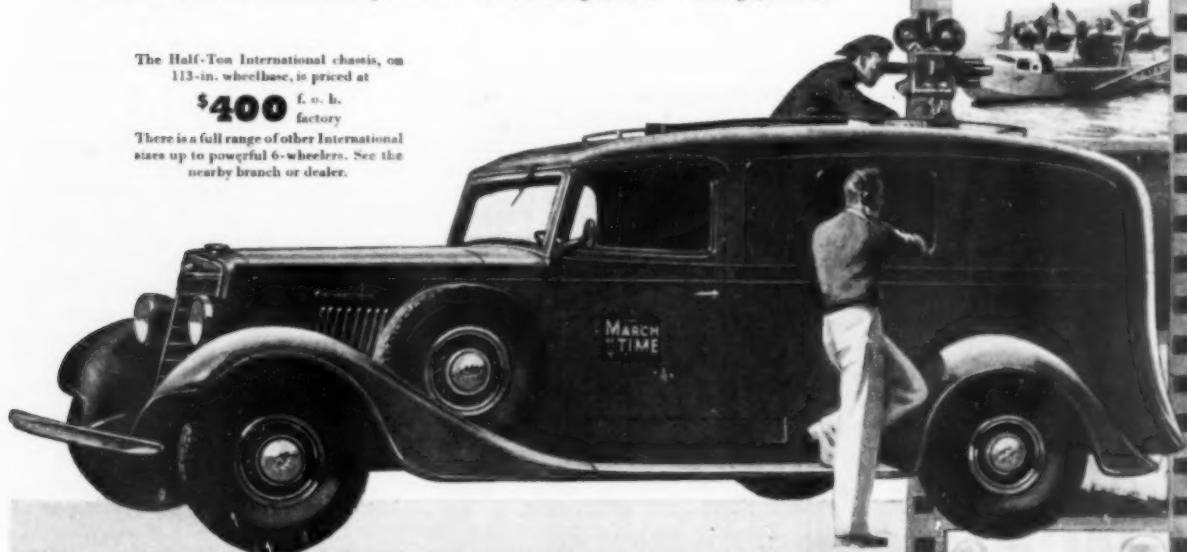
The March of Time uses Half-Ton Internationals for their heavy-duty quality and stamina, and also for their *nation-wide service*. International Harvester maintains the largest Company-owned truck service organization in the world. Wherever duty calls these trucks, they will always be near an International branch or dealer.

INTERNATIONAL HARVESTER COMPANY  
(INCORPORATED)  
606 S. Michigan Ave. Chicago, Illinois

The Half-Ton International chassis, on 113-in. wheelbase, is priced at

**\$400** f. o. b. factory

There is a full range of other International sizes up to powerful 6-wheelers. See the nearby branch or dealer.



## INTERNATIONAL





## WHEN Mount Vernon WAS NEW

**Mutual Fire Insurance  
was founded in America**



Nine years after the home of George Washington was built, Benjamin Franklin called a meeting in old Philadelphia at which *Mutual fire insurance in America was born.*

That insurance plan, formulated 184 years ago, has expanded and developed to meet the changing needs of three different centuries. Today Mutual fire insurance gives its policyholders the soundest possible protection, the most intelligent and useful service, a most unassailable assurance of prompt and full payment of loss... and the immeasurably welcome plus-value of a substantial reduction in net cost.

During the past ten years the 75 leaders who are members of the Federation of Mutual Fire Insurance Companies returned to their policyholders more than \$135,000,000 in savings!

Write now for an interesting free booklet. Address the Federation of Mutual Fire Insurance Companies, 230 North Michigan Avenue, Chicago, Ill.

## MUTUAL FIRE INSURANCE

**An American Institution**



This seal identifies a member company of The Federation of Mutual Fire Insurance

Companies and the American Mutual Alliance. It is a symbol of soundness and stability

## Make 'Em Pay

That's motto of Jackson, promoted to higher office.

THE appointment of Robert H. Jackson as assistant attorney-general in place of Frank J. Wideman is bad news for the small business man—and for that matter the small income-tax payer.

It means plenty more litigation. It means an inevitable increase in the legal force of the Department of Justice. And it means loading down the courts.

Newspaper readers may have thought that Andrew W. Mellon, Pierre duPont, and John J. Raskob were singled out because they happened to be Republicans or Liberty Leaguers, but as a matter of fact Mr. Jackson's motto in the Treasury as to tax cases has been: "Litigate, never compromise."

### "Let's Fight It"

It makes no difference if cases come up which are precisely on all fours with cases already decided by the courts, and regarded by tax lawyers as good precedents. Mr. Jackson wants to fight.

Incidentally, that position has been backed up 100% by Secretary of the Treasury Morgenthau, on whose recommendation Mr. Jackson has now been promoted by President Roosevelt.

Tax lawyers in Washington, it might be supposed, would like the idea. It tends to make fees for them. Actually they do not. It makes the earning of fees a lot harder. They have to try cases in court instead of pointing out their merits to officials in a conference—settling cases out of court.

Mr. Jackson came into special prominence last summer when he argued before the Senate Finance Committee for soak-the-rich taxes.

### Mr. Jackson's Views

He asserted that taxes now violate the principle of ability to pay; that the rates jump upward more rapidly in the lower brackets than in the higher; that the rich have lawyers and other experts who enable them to dodge taxes easily, which the smaller fellows can't do; that wealth remains concentrated in few hands, and the old tradition of "three generations from shirtsleeves to shirtsleeves" is no longer true; and that high inheritance or estate taxes do not rob the heir or break up a business, because the rich man passes much of his wealth on to his heirs before he dies, the case of Henry and Edsel Ford outstanding.

But Mr. Jackson's appointment, and his fighting ideas, are not mainly a blow to the Mellons, or the duPonts, or the Raskobs. The litigation just makes good legal fees for their attorneys; may even give them considerable satisfaction. Especially as most lawyers here agree that Mr. Mellon, for example, can hardly lose. In fact they insist the government lawyers know they can't win.



**NO PACIFIST**—Robert H. Jackson likes to argue, he knows how to handle himself before committee or court and his appointment as assistant attorney-general means that the government has signed up another man who likes a fight.

The people who are really suffering, and who are going to continue to suffer, are the little fellows—people whose claims against the government are not big enough to justify fighting through the courts. In many instances, groups of little fellows have combined to hire a lawyer, their cases being so similar that it would appear one trial would be enough.

That is not the Treasury's attitude. Try every case. Appeal every case the government loses, regardless of law, merit or precedents.

Meanwhile most of the small fellows, regardless of law or merit, are forced either to stand for what many Washington tax lawyers characterize as "legal blackmail" or spend more than the additional assessments to hire lawyers to fight for what they regard as their rights.

On top of it all, the Treasury blandly makes a ruling which forbids contingent fees. The protesting taxpayer cannot be sure his lawyer's fee will not be greater than his tax saving if he wins!



MASTER DE LUXE SEDAN

*It's fun to save money -*  
when you can get all these good things at lowest cost

- NEW PERFECTED HYDRAULIC BRAKES
- IMPROVED GLIDING KNEE-ACTION RIDE\*
- SHOCKPROOF STEERING\*
- GENUINE FISHER NO DRAFT VENTILATION
- SOLID STEEL one-piece TURRET TOP BODIES
- HIGH-COMPRESSION VALVE-IN-HEAD ENGINE

\*Available in Master De Luxe model;  
only. Knee-Action, \$20 additional.

**6%** NEW MONEY-SAVING G.M.A.C. TIME PAYMENT PLAN.  
Compare Chevrolet's low delivered prices and low monthly payments.



Once, it was necessary to pay a lot of money to get a fine motor car. *Once*, but not any more!

Think of all the fine car features you can get in this new 1936 Chevrolet at Chevrolet's low prices: The superior safety of New Perfected Hydraulic Brakes and Solid Steel one-piece Turret Top! The unmatched smoothness of the Knee-Action Gliding Ride\*! The smarter styling and more healthful comfort of a Turret Top Body with Fisher No Draft Ventilation! The higher performance-efficiency of a High-Compression Valve-in-Head Engine! And the unequaled driving and parking ease of Shockproof Steering\*! Have the fun of saving money while getting all these good things at lowest cost—*Buy a new 1936 Chevrolet!*

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

*The only complete low-priced car*  
**CHEVROLET**

A GENERAL MOTORS VALUE

# NRA BALANCE SHEET

## How Blue Eagle bookkeepers figure up profits and losses under some of the codes

WHEN the famous Schechter decision invalidated NRA, the headquarters' organization at Washington consisted of many high-powered executives, semi-executives, and specialists with heavy staffs of statisticians, clerks, stenographers, etc. All were eager to keep their jobs, none knew whether administrative ingenuity would succeed in giving their bureaus a new lease on life.

In the bridge-over period, NRA's Division of Reviews began, under Presidential order, to busy itself with attempts to accumulate material that would serve as a basis for an appraisal of the effect of the codes on various industries. Staff members were set to work preparing reports. Some did no more than gather commonly known historical data on the industries assigned to them and hitch thereto their opinions or prejudices. Some merely analyzed code operations of which they had some direct knowledge, carefully avoiding those on which they lacked such knowledge. A few took their jobs seriously and reported, as best they could, on the effect of all the various code provisions on the industries assigned to them.

*Business Week* presents herewith a brief summary of some of the outstanding and sometimes amazing findings of such reports now circulating in governmental circles, though still labeled as "tentative outlines and summaries of studies in process." No editorial comment, criticism or clarification has been attempted, but, for the benefit of those who wish to study cause and effect, we give the official number of each code under review, date of approval, and issue of *Business Week* which contained analysis of it.

**Automotive:**  
**Automobile Manufacturing**  
Code No. 17—Appr. Aug26'33 (BW-Sep23'33)  
**Motor Vehicle Retailing**  
Code No. 33—Appr. Oct3'33 (BW-Oct14'33)  
**Automotive Parts & Equipment Mfg.**  
Code No. 97—Appr. Nov8'33 (BW-Dec2'33)

Reviewer contends that "flexible" labor provisions of car makers' code tended to increase irregularity of employment of workers but suggests that work-spreading may be necessary. Distribution policies are under fire, and studies of a plan for centralized selling depots, distribution of profits, different price policies, are proposed. Reviewer asks: "Cannot a scientific method of price determination be established that will permit the planned economy of free competition," [italics ours] and apparently thinks this would result in (a) lower prices, (b) increased demand, employment and wages, (c) greater profit, (d) increased public wealth and "stabilized prosperity."

**Bituminous Coal**  
Code No. 23—Appr. Sep18'33 (BW-Sep23'33)  
Stabilization of prices and wages is cited as major objective of code. Actual results reported from different production areas and for varying periods show increases in workers' income of 53.1% to 87.8%, equal to annual increases of \$330 to \$400. In one important area production cost rose to \$1.905 per ton and sales averaged \$1.92 per ton, leaving operators a margin of 1.5c or less than 1%. It is conceded that without price stabilization operators could not have paid code wages. Code violations are given as reason for agitation that resulted in passage of the National Bituminous Coal Conservation Act of 1935.

**Construction**  
Code No. 244—Appr. Jan31'34 (BW-Feb24'34)  
Construction costs are said to have increased only slightly as result of code. Markup provisions contained in eight supplementary codes are declared economically unsound. Efforts to regulate trade-practices were frustrated, excepting that bid-neddling was curtailed. No progress toward reducing substitution of inferior materials. Price maintenance provisions reported successfully applied in tile contracting division, but brought less noticeable and varying effects in 10 other branches of the industry. Code had no effect on seasonal activities.

**Electrical Manufacturing**  
Code No. 3—Appr. Aug4'33 (BW-Aug26'33)  
Labor provisions of code brought hourly wages back to 1929 level, reduced average of work hours from 49 in 1929 to 35 in 1934, cut workers' weekly income to 30% of 1929 average. Figures show wage rates would have to be increased 38% to bring workers' average pay to 1929 level while maintaining code work-hour schedules. It is charged that, since the Schechter decision, average hourly rates have declined but that through increases in hours of work average weekly wages were 4% higher in September, 1935. Code provision for a 36-hour work week, against 40 hours

in most other industries, is held responsible for much dissatisfaction. Review is confined to the labor provisions, some observations on technological changes and statistical data. No attempt is made to deal with the open-price plan which was outstanding feature of code.

**Fertilizer**  
Code No. 63—Appr. Oct31'33 (BW-Nov11'33)

Reported to have increased hourly rates 41.5% and average weekly earnings 6.1% while spreading employment 50% and boosting the industry's total payroll 62%. To prove that code stabilized conditions, reviewer quotes net profits reported by three large producers in 1934 and 1935 and contends that increases in wages and profits were effected without increasing price of fertilizer to the farmer more than "prices in general and only to a fraction of the increase in the prices received by the farmer for the things which he sells." It is stated that this code has demonstrated "that such (NRA) legislation is practicable under certain conditions."

**Fishery**  
Code No. 308—Appr. Feb26'34 (BW-Mar24'34)

Details of this code set-up are said to have involved "serious errors in judgment." Wages and the income of "share fishermen" increased substantially. Administration was found difficult excepting in processing branches. Control-of-catch provisions failed to accomplish price raising. Price-filing provisions worked fairly well in some groups, prohibitions of sales below cost failed for lack of uniform methods of determining costs. Lack of consciousness of the need for industry-cooperation is considered chiefly responsible for failure.

**Headwear:**  
**Millinery**  
Code No. 151—Appr. Dec15'33 (BW-Jan6'34)  
**Cap & Cloth Hat**  
Code No. 457—Appr. Jun5'34 (BW-Jun30'34)  
**Hat**  
Code No. 259—Appr. Feb5'34 (BW-Feb24'34)

Increased some hourly wages 71.2%, weekly wages 38.4%, decreased work hours 20%, and boosted employment 5.7%. Occupational and territorial minima of wages worked quite well, with aid of unusually efficient code administration and a special board for adjusting complaints.

**Iron & Steel**  
Code No. 11—Appr. Aug19'33 (BW-Aug26'33)

Superficial review contends that, despite industry's "desire to avoid acceptance of specific hour limitations . . . the very material gain in earnings and employment under the code was an important achievement." It is held that price pattern of the industry is dominated by large-scale production units, that long-term trend of prices has been downward since 1920, that "uneconomic location and excessive cross-hauling may be as much characteristic of unlimited free competition as of an artificial basing point system of pricing." Apparently no serious study attempted.

**Knitting Industries:**  
**Hosiery**  
Code No. 15—Appr. Aug26'33 (BW-Sep23'33)

**Knitted Outerwear**  
Code No. 164—Appr. Dec18'33 (BW-Jan13'34)  
**Underwear & Allied Products**  
Code No. 28—Appr. Sep18'33 (BW-Oct14'33)

Hosiery code is credited with having wiped out child labor, lifting employment to within 5% of 1929, increasing hourly wages 42%, weekly earnings 18%. Production control provisions helped to level seasonal peaks, price control attempts proved ineffective, statistical activities of the code authority are considered "of inestimable value." Knitted Outerwear code apparently did not fit the industry and it is stated that NRA administration "was hampered to a great extent by refusal of code authority to cooperate with established administrative policy." Underwear code is said to have decreased unemployment, shortened hours, increased wages, abolished child labor and homework, stabilized prices—but reviewer fails to supply supporting statistics.

**Leather & Shoes:**  
**Leather**  
Code No. 18—Appr. Sep7'33 (BW-Sep23'33)

**Boots & Shoes**  
Code No. 31—Appr. Oct3'33 (BW-Oct14'33)

In leather industry employment and payrolls increased materially, average hourly wages rose from 43.8c in 1933 to 56.3c in 1935. Trade practices were not affected, code compliance is reported

excellent. Cost of code administration under highly efficient management is given as \$104,000, or 0.02% of value of industry's products, for full period of NRA. Boot and Shoe industry under the code increased employment 6.8%, payrolls 25.3%, hourly wages 36.8%, weekly wages 19.4%, reduced average weekly hours 13.6%. Reviewer considers trade practice provisions as ambiguous and lacking "teeth," but as having had beneficial effect. Code administration is reported as efficient and economical, assessments having averaged only 3/100% of gross sales.

**Lumber**  
Code No. 12—Appr. Aug19'33 (BW-Aug26'33)

Labor provisions increased employment, hourly wages but did not affect weekly earnings because production control limited working hours. Price-filing formula proved "uneconomic and incapable of fulfillment," and encouraged use of substitutes. Production control actually drew 1,600 new mills into the field but in May, 1935, was presumed to have effected "a balance between shipments and stocks on hand." Forestry practices of many operators have been improved. Reviewer concludes that problems of unemployment, weak position, unprofitableness remain.

**Men's Clothing**  
Code No. 16—Appr. Aug26'33 (BW-Sep23'33)

Intra-industry friction affected code operation. It is contended that home work was eliminated. Trade practice provisions were not of great consequence but fairly general compliance was obtained. Conflicting interpretations of wage differential and minima provisions caused trouble. Reviewer contends that 40,000 employees "went back to work," that average weekly wages came back from a low of \$12.68 to "around" \$22 in the spring of 1935, that total payroll of industry increased likewise. No supporting statistics.

**Paper & Pulp**  
Code No. 120—Appr. Nov18'33 (BW-Dec9'33)

Hourly wages were brought to 1929 levels, work-hour limitations kept weekly earnings of workers at pre-code levels, employment showed "very substantial increases." But 31% to 77% of the companies have not been making a profit.

**Rubber**  
Code No. 156—Appr. Dec15'33 (BW-Jan6'34)

Some reemployment resulted and earnings in lower wage brackets increased. Trade practice rules affected different branches in varying ways. Open-price filing was abandoned by footwear branch, but worked well in other divisions and was applied so religiously by mechanical goods division that charges of illegal combination resulted. Little was accomplished in rubber tire division because no mandatory cost formula was approved. Fixing of minimum or floor prices did not protect small manufacturers and dealers, as intended. Attempt to gain stabilization through fixing price differentials on functional basis failed. Internal discord, sabotage, ill-planned treatment "of the outstanding need for more orderly competition on price" are given as causes for failure.

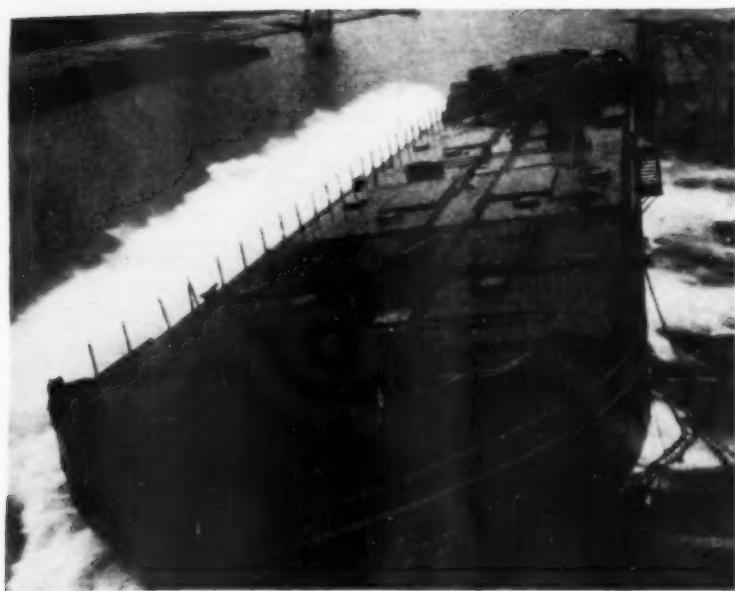
**Textile:**  
**Cotton**  
Code No. 1—Appr. Jul9'33 (BW-Aug26'33)

**Silk**  
Code No. 48—Appr. Oct16'33 (BW-Jun30'34)

**Wool**  
Code No. 5—Appr. Jul26'33 (BW-Aug26'33)

Reviewer claims that night work diminished, child labor was abolished, employment increased 15%, hourly wages in cotton mills were boosted 65%, but, due to cut in hours, weekly and annual earnings of workers "showed little gain." Provisions for wage differentials generally failed. Restriction on new machinery was not in effect long enough to permit intelligent conclusions. Prices were not affected by direct control but through filing plans, production control, and regulation of terms. Machine-hour restrictions did not restrict production and attempts to eliminate seasonal fluctuations were unsuccessful. Fact that, as a rule, control over distribution of textile mill products is in the hands of distributor-financiers, who were not subject to codes, prevented more favorable results. Reviewer says that now the question must be answered whether public interest "can best be served by the withdrawal or by the exercise of governmental supervision and regulation." He states also that "economic validity of production control is not proven, but isolated position of uncontrolled textile production in an economic scheme which is largely controlled appears anomalous."





**ALL STEEL, ALL WELDED**—The shielded arc method of welding was used in this 1,600-ton oil tanker, just launched at Mobile. She is the *Transoil*, fabricated and assembled by Ingalls Iron Works of Birmingham, and is designed for coastwise, canal or Great Lakes service. Two 500-h.p. diesel engines will drive her. Capacity when fully loaded will be a million gallons.

## Post-Mortem Report

The doctors have been going over the defunct Blue Eagle, and their findings will guide the Administration in devising substitutes for the NRA.

SINCE last May, when the constitutional Schechter rooster killed the NRA Blue Eagle, the Division of Review of the National Recovery Administration has been making a post-mortem probe.

The findings are expected to guide the Administration in planning substitute measures, supply Congress with the necessary data for justifying the enactment and, incidentally, help the President's Coordinator for Industrial Cooperation, George L. Berry, in nursing his advisory council through its swaddling clothes period.

So far the Review Division has not announced its conclusions, but some of the sectional or subdivisional studies have been tentatively finished, and these supply an interesting forecast.

### Six Divisions

Basically, the work of the Review Division was divided into six classifications, namely, studies of industries, labor, trade practice, administrative phases of the code systems, legal phases, segregation of contributory materials.

The most pertinent angles of the studies of specific industries have been summarized in the NRA Balance Sheet, found on the facing page, but reviewers of other divisions also have made

some significant observations and recommendations.

### Labor

For instance, the author of the labor studies contends that NRA supplemented the Black 30-hour bill and the Perkins amendment for a flexible hour regulation under a licensing system. He points out that in 1934, under NRA, labor took a larger share of the national income than ever before and gained 13.7% in total income over the previous year, while national income only rose 11.3%, and the cost of living advanced only 2.5%.

The labor advisory boards are credited with having increased public understanding of "labor's goal and methods," while the troubles experienced in connection with the famous Section 7-a of the National Industrial Recovery Act, according to this reviewer, brought out the "structural weaknesses in our governmental machinery," and he deplores "our failure to delimit legislative, executive, and judicial functions" and regrets "that our process of [Supreme Court] reviews can nullify congressional policy."

It is argued that "the history of the improvement [of the position of labor]

following the enactment of NIRA, and of the recession following the Schechter decision support the principles enunciated [in NRA] and lay the onus of proof upon their critics," but no statistical proof of the asserted "recession" is supplied.

### Basing Points

A group of 10 studies of trade-practice provisions includes attempts to appraise the effect of such controversial policies as price filing, the basing-point system, production control, loss leaders, and minimum prices.

The study of the basing-point system deals with its use in the lime industry. The reviewer charges that large producers wrote the code, small producers are disappearing, the system fosters price discrimination, it caused "enormous amounts" of uneconomical cross-hauling, it encouraged price fixing, large producers increased profits more than small ones, and lime prices to the consumer "increased excessively."

According to *Engineering News-Record*, prices of lime in many of the 21 leading distribution centers actually were lower during the code period; although at most points there was a slight increase in 1933 prices over 1932. Here are the average prices of lime:

	1932	1933	1934
Atlanta .....	\$17.21	\$19.00	\$17.87
Chicago .....	17.00	20.00	18.00
Dallas .....	20.00	20.00	17.00
Philadelphia ..	16.91	15.17	16.33
San Francisco..	18.30	22.50	23.00

### Production Control

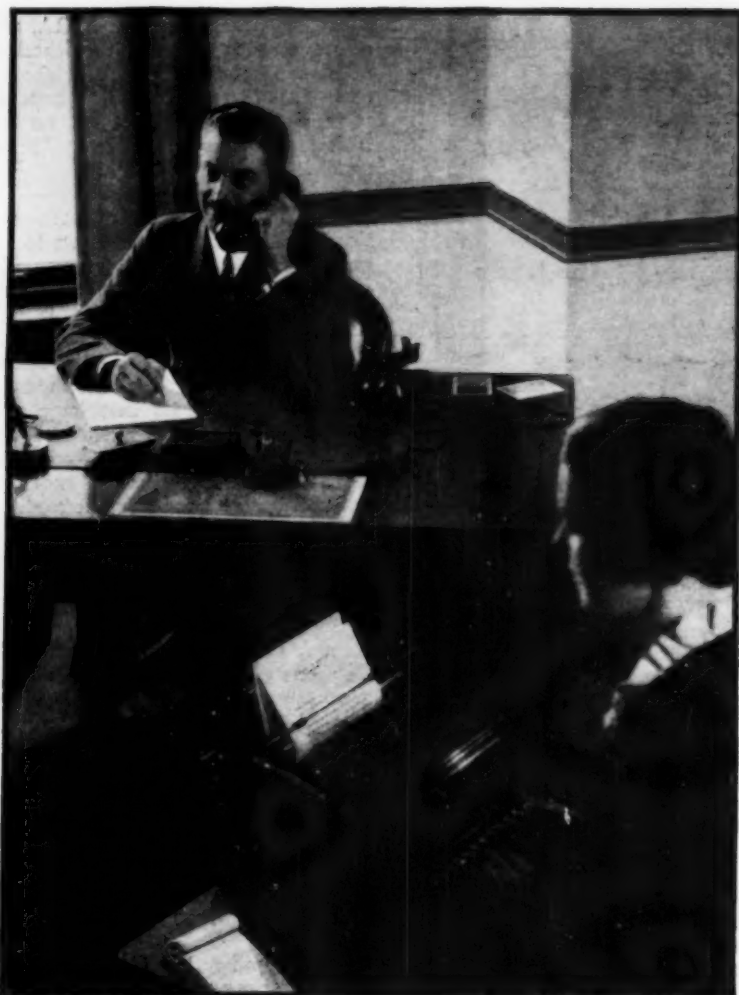
The reviewer of production control provisions does not think that such devices curtailed output appreciably, and believes that part of their failure was due to NRA's reluctance to apply restrictions. He also suggests that production control "placed limitations on the ability of the more aggressive concerns in an industry to overwhelm their competitors," and that this "may well have made it easier for some of the weaker concerns in an industry to come up to common minimum standards on hours and wages."

### Open Prices

The studies of price-filing plans are apparently unfinished, but the reviewer deplores "the absence in NRA files of any body of collected price filing" that would permit a statistical analysis of its effect on price levels, price stability, uniformity, etc. He believes that its effectiveness was limited by lack of standardization of products, ambiguities and loopholes in provisions, evasion and "the presence of large numbers of small enterprises," and says that price filing alone "is not deemed sufficient" to secure effective price control.

### Loss Leaders

Loss-limitation provisions were studied only in the retail grocery and drug



## ONLY THREE PACES FROM GOOD LIGHT TO POOR

Her desk is just nine feet from yours . . . but she is lucky if she has a fifth as much light as she needs for the accurate, competent work you expect of her.

Have you ever had your lighting measured with a Light Meter? It is a startling experience. Why not phone your electric service company today . . . or write General Electric Company, Dept. 166, Nela Park, Cleveland, O.



*This new G. E. Light Meter measures light accurately*

## EDISON MAZDA LAMPS

GENERAL  ELECTRIC

trades, and in drugs the reviewer believes that the provisions caused reduced prices to the consumer on highly advertised drug products and that small members of the trade were better off.

It is held that, where minimum-price devices were prescribed in codes, these were apparently not properly directed toward the solution of basic industry problems. New small competitors were attracted, competitive advantages through better production or management were sacrificed, logical price differentials were wiped out, and information on standardization of products and costs was insufficient for intelligent application of the plan. The reviewer contends that neither NRA nor industry had sufficient price data.

### Administrative

Here it is stated that lack of experience and of administrative precedent, plus the failure of NRA to anticipate important problems, made it necessary to attack many troubles after they had gained headway.

Labor provisions in codes appear to have been effectively administered when labor representatives were able to influence code authorities and when large unionized labor was involved.

In connection with statistical and research activities in industries, the reviewer believes that these can be brought to the highest level "under a plan of compulsory reporting to trade associations supervised by the federal government."

### Coming Events

Those responsible for the series of legal studies not only accumulated a vast amount of historical data and court citations covering the various aspects of NRA legislation and litigation, but brought together some important facts that obviously are to be used in planning new laws.

For instance, one reviewer has appraised the possibilities of using flexible tariff provisions as the means of getting "proper" standards of wages and hours.

Another has explored the chances for regulating industry through the joint employment of the constitutional powers of Congress to tax and to spend.

Furthermore, the reviewers have looked into the chances for using government contracts as the means for establishing "proper economic standards," and suggest that parties contracting with the government be held responsible for seeing that government-decreed standards are kept.

Studies made of the enforcement activities of the NRA disclosed that out of 2,064 cases actually docketed, only 606 reached some state of litigation, on which the final score was as follows:

Criminal cases: lost, 9; won, 22; pending, 83. Equity cases: lost, 26; won, 234, pending 190. Federal Trade Commission cases, 42.



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3579

# "B" MEN...



SKF not only makes a complete line of anti-friction bearings and housings but maintains a world-wide organization of 1500 sales engineers trained to help Industry use them...

SKF "B"-Men have solved a wide variety of bearing problems. Their experience encompasses practically every turning or reciprocating unit known to Industry from tiny scientific instruments to gigantic industrial machines... Back of every SKF Bearing is the world's largest Industrial bearing organization with 14 plants, 182 branch offices, engineering and laboratory facilities that are always at your service. Let SKF "B"-Men solve your bearing problems, too. SKF Industries, Inc., Front Street and Erie Avenue, Philadelphia, Pa.

• • •

SKF "B"-Men literally put friction on the spot. Not only are they instantly at your call, but they have complete data that proves their bearing economies from every point of view. Remember—SKF always puts the right bearing in the right place.



# Uncle Sam, Angel

**Federal Theater Project launches a huge program for relief of jobless actors, and finds that motives other than dramatic ones must be considered.**

AN angel is a person who finances the production of a show. In this respect Uncle Sam is the big bull angel of them all. The Works Progress Administration has allotted \$6,784,036 to the theater. On this money plays have opened or are scheduled in many cities.

Al Woods or the Shuberts could have told the government that show business is one long, palpitating pain in the neck. A recent upheaval resulted in the resignation of the playwright, Elmer Rice, as New York regional director.

One New York project is the "Living Newspaper" and its first edition was to have been "Ethiopia." A lively scene in this production included daughters of Harlem who shook sundry items of their anatomy with hilarious abandon.

## Takes a Walk

Representations of Il Duce and Haile Selassie caused the censoring of the piece, which in turn caused Mr. Rice to take a walk. In departing, Mr. Rice charged that the real reason was politics, since the "Living Newspaper" intended to dramatize conditions in the South, "where the Democratic party lives."

This unit now plans to open in New York on Feb. 28 in a skit called "Triple-A Plowed Under." Whether or not diplomatic concern caused the squashing of "Ethiopia," it illustrates extra-theatrical complications that arise when an Administration goes into show business.

The Administration is far too shrewd

to disregard the coming election in this or any other current activity. A schedule of historically important plays includes "The Texas Steer," "The Old Homestead," and "Secret Service." There is no mention of the most historical of all, "Uncle Tom's Cabin." On the other hand, "Jefferson Davis" is a new production scheduled for a New York opening and a tour of the South. There aren't enough G. A. R. men left to raise any ruckus over a dramatization of the Confederate president, but the South is still touchy over Simon Legree's whip.

Within two weeks, five new plays are expected to be unveiled in Greater New York by the Federal Theater Project. One has already opened. While New York is naturally the center of activity, important units will work in Chicago, Los Angeles, Boston, San Francisco, and other cities.

The ideas back of the Federal Theater Project combine relief of stage folk with stimulation of American drama. There is no intention of making money. Mr. Rice says the theater as an art can't be self-supporting. He points out the advance of "trustification," and charges that the theater is becoming an appendage of Hollywood, that 50% of present theatrical productions have motion-picture financing. Mr. Rice thinks that public funds alone can preserve the theater as a part of our national culture.

Under the federal allotment, 90% of

theatrical funds must go to wages. Some 9,000 professionals, including actors, directors, designers, and stage hands, were on the payrolls in December. A total of 12,000 is expected. Many are requisitioned from other work.

If enough professionals are available, a unit is formed. In towns where fewer than 25 can be found, actors are placed in drama-teaching or recreational projects.

This dauntless federal organization has tackled the supervision of some 200 projects in 75 communities. There are about 50 legitimate shows now running. One third charge a small admission, the others are free.

## Free Tryout Talent

Productions are not staged with a view to selling them later to private ownership, but regular producers can have plays tried out by federal actors. Even marionettes have their place in this unemployment relief, such shows being usually given in schools and hospitals.

The director of the FTP is Mrs. Hallie Flanagan. Her headquarters are a four-story New York building that was once occupied by the Bank of United States, odorously remembered in the metropolis. Show business is a form of controlled hysteria and the FTP headquarters are in character. One wonders whether Mrs. Flanagan ever yearns for placid Vassar, where she concerned herself with an experimental theater course.

## Coast Selling

**Western Homewares Institute offers a service that comes in handy for Eastern manufacturers.**

How to get effective product promotion and demonstration in the Pacific Coast territory has been a worry to many Eastern manufacturers.

For manufacturers of homeware, electrical appliances, and kitchen equipment one solution to this problem is offered in the formation of the Western Homewares Institute, now operating out of San Francisco, and sponsored by leading department and hardware stores of northern California. It plans to cover all 11 Far Western states.

Manufacturers' agents and jobbers on the Coast got together with retailers and wholesalers to start the institute. It has developed three types of service.

First, there is the organization's endorsement of quality, which is given to a product after home economists have tested it for sound design, good materials, smart style, easy use, and fair price. The manufacturer is investigated for ability to furnish repairs and service and to offer guarantees, and for his financial standing.

The results are referred to an "endorsement council" consisting of promi-



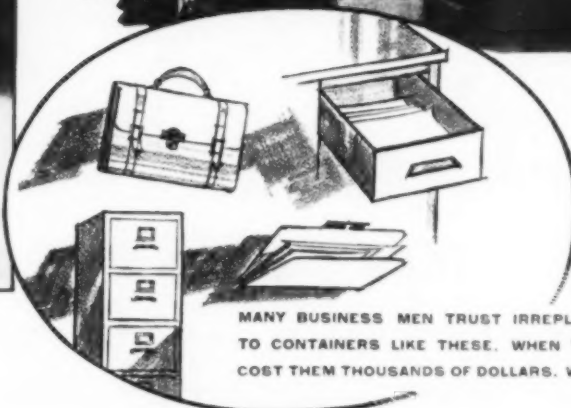
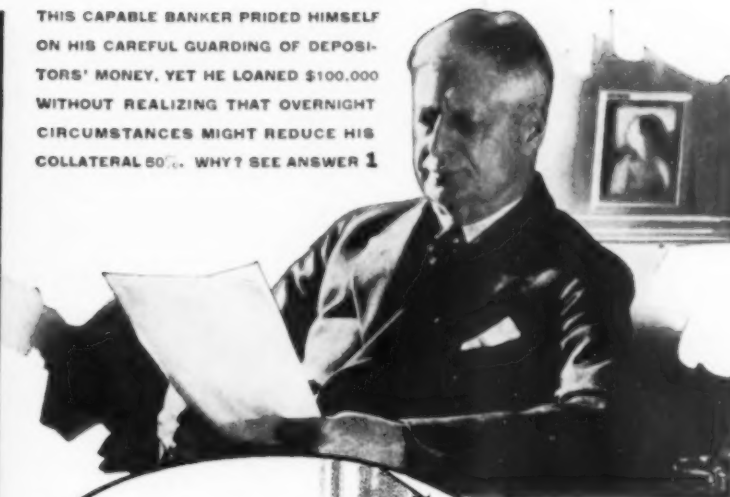
**ENDORSED, DISPLAYED, EXPLAINED**—After a product has passed the tests devised by Western Homewares Institute, it will be put on exhibit in traveling displays like this one, which will carry it to towns and cities of Western states. A home economics expert will explain the merits of each article.

# Strange Oversights OF MODERN BUSINESS



THIS MANUFACTURER PRIDED HIMSELF ON MAINTAINING A SOUND CASH POSITION, YET HE BORROWED THE \$100,000 WITHOUT PROTECTING HIMSELF AGAINST AN APPROXIMATE 50% LOSS. WHY? SEE ANSWER 1

THIS CAPABLE BANKER PRIDED HIMSELF ON HIS CAREFUL GUARDING OF DEPOSITORS' MONEY, YET HE LOANED \$100,000 WITHOUT REALIZING THAT OVERNIGHT CIRCUMSTANCES MIGHT REDUCE HIS COLLATERAL 50%. WHY? SEE ANSWER 1



MANY BUSINESS MEN TRUST IRREPLACEABLE RECORDS TO CONTAINERS LIKE THESE. WHEN THEIR LOSS MIGHT COST THEM THOUSANDS OF DOLLARS. WHY? SEE ANSWER 2

## FEARFUL LOSS occurs annually through neglect of one simple precaution

### ANSWERS TO STRANGE OVERSIGHTS

**ANSWER 1.** The banker loaned the money to the manufacturer against accounts receivable and inventory. He knew the manufacturer carried adequate insurance. But neither he nor the manufacturer realized that they did not have Record Assurance and for that reason could not prove full loss. The manufacturer lost his records and the adjustment amounted to a 50% write-down.

**ANSWER 2.** Many business men do not realize what effect the loss of valuable records would have on the future of their business. The practices pictured here and the use of equipment which the manufacturer himself had declared obsolete—in many cases have stopped with the purchase of Record Assurance.

Forty-three per cent of businesses are unable to resume after a record loss—not because they were not adequately insured—but because they have lost their business memories.

The incidents pictured here show but a few of many ways in which the loss of deeds, contracts, purchase orders, accounts receivable, sales and stock records—may seriously cripple or even ruin your business future.

Record Assurance, a new service by Remington Rand, is the first scientific method of assuring you against those serious risks. It is based, first, on intelligent appraisal of the exact value and exact cost of replacing your paper records. Second, proper assurance of those records against loss or damage.

The cost of Record Assurance is lowered with lower risks. You will probably amor-

tize it, premium-like, over a ten-year period. We can explain it quickly by submitting you a specimen policy which will enable you to analyze your own needs. Or the Remington Rand man can tell you about it in ten minutes.

The important fact is this: *unless you do have Record Assurance protection, you are risking a loss which experience has proved, bankrupts four out of ten businesses.* The coupon below is for your convenience. Please use it to get the facts.



### WRITE FOR SPECIMEN POLICY

REMINGTON RAND, INC.  
Dpt. 324 BUFFALO, N. Y.

Without obligation, please send me specimen Record Assurance policy and tell me how to appraise values of my own records.

Name \_\_\_\_\_  
Firm \_\_\_\_\_  
Street \_\_\_\_\_ City \_\_\_\_\_

*OK..it's from* **Remington Rand**



## Crime takes a tumble in Evansville

**60% more arrests...17% fewer crimes, since 2-way radio was put on the police force ...**

During the six months after Western Electric police radio was adopted, that was the record in Evansville, Indiana.

With Western Electric 2-way radio, patrol cars may reach the scene of crime even before the get-away. Cars report results instantly to headquarters; ask for and receive further instructions.



"Calling all cars"

Western Electric radio equipment is dependable—backed by 54 years of Bell telephone making.

*Ask your police department if your town has radio protection.*

GRAYBAR ELECTRIC—DISTRIBUTORS

**Western Electric**  
Leaders in Sound-Transmission Apparatus

nent clubwomen and the editors of home economics pages in the newspapers. Upon vote of this group, a "seal of quality" is given the manufacturer for use on his products.

A build-up of public confidence for the seal is being developed through newspaper, periodical and radio advertising. The manufacturer pays only the actual costs of the investigations.

Moreover, he can use the promotion and demonstration service. Display booths with trained attendants are maintained in principal department stores at the expense of the stores themselves, except for a small display fee paid by the manufacturer. The products are demonstrated and explained but not sold.

Traveling exhibits are planned to cover principal towns at intervals of one month. Advice in writing and placing of advertising aimed expressly at the Pacific Coast market to back up displays and demonstrations will be available.

## Little Man's March

**10,000 small storekeepers are expected to meet in Washington and demand Patman bill.**

MARCH 4 is National Independents Day, by public declaration of various organizations of small storekeepers, particularly the National Association of Retail Druggists. On that day, as many as ten thousand little men (according to the N.A.R.D.'s hopeful estimate) will march on Washington.

The only bonus this army wants is a congressional guarantee of price protection in the form of some such amendment to the Clayton act as the Patman-Robinson bill. A pep session in Constitution Hall will focus the law-makers' attention on that demand.

Even the President may be persuaded to take a hand in the proceedings and thus cement his position on the little-man question and meet the challenge which one potential rival, Sen. Borah, has projected.

The demonstration should prove a more than adequate antidote to the deluge of protesting letters and wires which engulfed Capitol Hill after the Senate Judiciary Committee reported out the Patman-Robinson bill without public hearings.

This week it appeared that that attempt to forestall heavy legislative action had in large part misfired, for a number of senators, notably Robinson, Logan, and Ashhurst, branded the protests as chain-store propaganda and bluntly stated they would not vote to recommit the measure but would on the contrary urge its immediate enactment.

Trade observers, however, believe they will cool off.





# This time the cobbler's children are well shod

It seemed an obvious decision when RCA decided on radio advertising. But the creation of the right program called for showmanship in careful balance. The foremost name in radio indicated a program of dignity. Yet the aim was not merely good will. There were goods and services to be sold. Dignity of the high hat order was clearly out.

**A POPULAR DIGNITY**—But there is another sort of dignity, one of universal appeal. Its essence is doing well whatever is done. And it was on that basis that NBC built the RCA Magic Key broadcast in collaboration with Lord & Thomas, who are NBC's advertising agents.

Great music—vocal, instrumental and orchestral—news, dance bands, drama, comedy, thrills—sudden laughter, as in the pre-Thanksgiving interview with the turkey—the whole world of entertainment has been drawn upon. Quite literally the whole world. For artists, and events tuned in by RCA's Magic Key for a single program have often been thousands of miles apart.

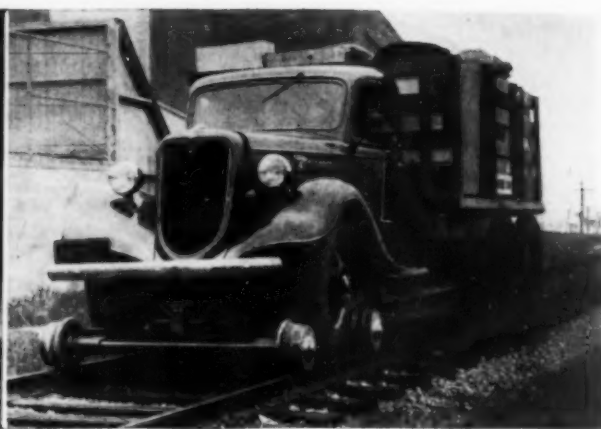
In fact, on one Sunday afternoon the listeners were taken on a radio trip that circled the globe. Tuning in these dis-

tant points at precisely the right moment requires management of a caliber equal to the skill of the star performers.

**QUALITY, BALANCE, APPEAL**—But whatever is done, is done well. The performers are outstanding in their fields, whether it be conducting a great symphony orchestra, or talking nonsense. The right balance is present each Sunday afternoon. The Magic Key program on the NBC Blue Network has become one of dignity, and at the same time of rapidly rising popularity. RCA proved itself no cobbler with barefoot children. It wrought well at its own trade, and for its own offspring. It is because NBC builds such programs that you will find it well worth while to discuss your business with an NBC representative.

## NATIONAL BROADCASTING COMPANY, INC.

A Radio Corporation of America Subsidiary • NEW YORK • CHICAGO • WASHINGTON • SAN FRANCISCO



**REJUVENATED RAILROAD**—With trucks like these, the Ocean Shore Railroad running out of San Francisco will be able to serve a rich but remote agricultural district which produces nearly the entire artichoke crop for the nation. The road has been out of operation since 1920, and trucks have taken the

business, but with these gasoline rail-highway cars the Ocean Shore hopes to get it back again. The cars will carry both passengers and freight, will use the rails until they reach the town of destination, then take to the highways to deliver their loads. Connections with transcontinental refrigeration lines are planned.

## War of Giants

**Santa Fe wants to do local bus business in California and is opposed by Southern Pacific in a vociferous fight that rages through the state.**

In an atmosphere surcharged with corporate passions, the California Railroad Commission expects to take up on Mar. 3 the application by the Santa Fe for permits to operate buses intrastate. Opposing are the Southern Pacific, and Pacific Greyhound, in which S.P. has a 39% interest.

These railway giants have collided on the California front often and with great enthusiasm. In this present battle they move from their native rails to the highways.

The clash provoked such salvos of resolutions, charges, and publicity that Commissioner Wallace L. Ware wrote to both sides asking them to cease and desist from propaganda. He had an idea that the application ought to be determined upon the record and suggested somewhat naively that much of the uproar was manufactured by proponents and opponents.

### Buses—Or Bust

S.P. got into Greyhound early to compensate for its loss of passenger traffic to the buses. Greyhound lines now cover the state. The Santa Fe's truck transportation affiliate has done a freight business in the state for some time. This company recently acquired the Santa Fe Trail bus system, which operates from Chicago to points in California. But this is an interstate service; carriage of passengers from point to point within California is a matter within state jurisdiction and requires a permit.

For its bus lines centering in Los

Angeles, Santa Fe asks permission to carry intrastate passengers south to San Diego, east to the Arizona line, and north to San Francisco. Three Santa Fe proposals give the entrenched S.P. the cold shivers: (1) a cut in passenger rates; (2) interchangeable bus-rail tickets; (3) routing of Santa Fe buses over the short Ridge Route between Los Angeles and Bakersfield.

### Would Permit Transfers

The present rail rate in California is 2¢ a mile. Santa Fe would reduce day-coach rail fares to 1½¢, and establish intrastate bus fares at the same level. There would be unlimited interchange between Santa Fe buses and Santa Fe trains. This last is a cunning detail in Santa Fe's grand strategy.

S.P. has enjoyed almost a monopoly in the rich Los Angeles-San Francisco railroad passenger business because its line is so much shorter than that of the Santa Fe. Greyhound has had its own sweet way with bus traffic. If the Santa Fe gets its intrastate bus franchise, it can take passengers by motor over the short and spectacular Ridge Route to Bakersfield, transfer them there to passenger trains, and deliver them swiftly to San Joaquin or San Francisco Bay points.

Exploits of legal and publicity generals on both sides display that surging vitality that has made California what she is today. Newspaper readers have been bombarded with information and argument, and civic groups in communities along the affected lines have

taken sides with enthusiasm to swell the din of cheers or boos.

In the midst of these vociferous partisans, the railroad commission must attempt to decide dispassionately whether the Santa Fe proposals would serve the "convenience and necessity" of the people. S.P. and Greyhound contend that the routes are now served by trains and buses operating below their capacity, so that the additional buses are not needed and would clutter the already congested highways.

### A Public Service

Santa Fe rejoins (with a somewhat unmannerly leer) that its 25% reduction in fares would be a boon to the traveling public. It contends further that the reduction will stimulate traffic so greatly that its additional facilities will be needed to meet the demand. As to congested roads, it believes that so many persons will avail themselves of the new service that the number of private cars on the road will be materially reduced.

Santa Fe adroitly suggests that the public needs protection against the S.P.-Greyhound "monopoly." Its competition would be real, as is indicated by the fact that operation of buses over the short Ridge Route would make possible a 13½-hour schedule between Los Angeles and San Francisco. This would be an hour better than the present run of S.P.'s crack night train, "The Owl."

A legal redoubt that Santa Fe must overcome is Sec. 50½ of the Public Utilities Act. It prevents a bus operator from starting a parallel line unless the established bus company is not serving the territory to the satisfaction of the railroad commission.

S.P. contends the present service is adequate. It charges that the Santa Fe buses would run along S.P. tracks, and that of the 75 communities to be served, only 25 are on Santa Fe rail lines.



**SEEDS OF INDUSTRY**—These pellets are aluminum's crown jewels; when they were purchased 50 years ago gigantic industry was born. The large globule on the right is the first run of aluminum made in 1888 by Pittsburgh Reduction Co., and the smaller globules are those made by Charles Martin Hall in 1886.

## Aluminum Birthday

**Possibilities, including 1,000 m.p.h. rocket ships, discussed at celebration of discovery.**

TRAVEL to the stars was seriously discussed by Dr. Alexander Klemin, of the Guggenheim School of Aeronautics, in New York Monday night.

The common (or uncommon) carrier in this service would be the 1000-m.p.h. jet-propelled rocket ship. Dr. Klemin thus charted possible development: (1) stunt flights in rockets; (2) aerial bombers, minus pilots, committing wholesale slaughter at 200-mile ranges; (3) transatlantic rockets carrying mails; (4) passenger rockets.

Dr. Klemin's cast into the future was made during a scientific discussion of lighter metals (such as aluminum) in transportation engineering. The occasion was a dinner by the Electrochemical Society celebrating the fiftieth anniversary of Charles Martin Hall's discovery of aluminum reduction through an electrolytic process.

Aluminum was long known as a curiosity. At one time it cost \$500 a pound. Hall's discovery resulted in price reductions to the present 20¢, made possible the aluminum industry.

The impetus for this revolution came from the experiments of a 22-year-old boy in his Oberlin, O., home. He was drawn into that research by statements that aluminum was "the most abundant metal in the earth's crust" and by recognition of the possibilities if a cheap method could be evolved for separating aluminum from its ores.

The pioneer concern to use the process was the Pittsburgh Reduction Co. It became the Aluminum Co. of America in 1907.

## Tree Mark

**Lumber manufacturers try an okay sign on wood, as sign of quality. Also seek price maintenance.**

LUMBER industry executives are pushing revival of their own "pure wood" law. The "tree mark," a sign of lumber virtue, signifies the okay of the National Lumber Manufacturers Association, and in the presence of a regional association's grade-mark is a guarantee of integrity.

Back of the move are the Southern Pine, Northern Pine, Southern Cypress, Northern Hemlock & Hardwood, and Redwood Associations.

Hopes of price maintenance have apparently prompted this new interest in grade-marking. Quality emphasis makes reasonable prices possible.

It is hinted in this connection that the ultimate objective is to tie all organized retailers up with organized manufacturers under a plan in which their business will be confined to grade-marked and trade-marked lumber. There's some doubt whether this can be worked out legally.

The scheme was introduced eight years ago but soon bogged down. Many mills have found standard grading indispensable, but branding meant bother and expense. Retailers like to do a little regrading—up and down. Also there was some disinclination to advertise the manufacturers.

NRA came along and the necessity for some policing was revealed when anybody's business became everybody's business. Another boost for grade-marking is the insistence by government purchasing agencies on branded lumber or on blanket certification. And government business is a big item.

The competition of other products, which have adopted some form of certification, is also a factor, in view of growing consumer grading sentiment.

## Ships' Store-Door

**Intercoastal lines may establish pickup and delivery service.**

INTERCOASTAL ship lines may soon develop a store-door pickup and delivery service.

At the regular monthly meeting in New York last week of the Shippers' Conference of Greater New York, the steamship lines were urged to establish this service as one means of meeting competition from the railroads.

The Ocean Steamship Co., operating vessels between Savannah and New York, and the Clyde-Mallory Line, with frequent sailings from New York for Charleston, Jacksonville, and Miami, are expected to act first if it is voted to organize the service.

## The SALES-MANAGER "took the Rap"



**BUT • • the container was at fault!**

**M**ORE than one sales manager has taken the blame for lost customers when the true cause was faulty shipping containers. Is the same thing happening to you?

Damage to your product in transit or storage is stopped when you ship in Bemis Waterproof Bags. They provide that all-important margin of safety—complete protection against sifting, odor, dust, and loss or gain of moisture.

Your product comes through in factory-perfect condition, guarding profits, and building customer confidence and steady, repeat business.

There is a type of Bemis Waterproof Bag for every industry. They provide any degree of protection required. And users profit by important savings in original cost, freight, handling, storage, and labeling.

It will cost you nothing to investigate Bemis Waterproof Bags, and it may solve your shipping problem. Write for further information on the application of these up-to-date containers to your particular industry.

BEMIS BRO.

BAG CO.



403  
Poplar St.  
St. Louis, Mo.

5120  
Second Ave.  
Brooklyn, N. Y.



# Who's Who in New Housing

**Scores of companies are moving into the housing market. Most of them are aiming above the \$5,000 line. Many new materials used.**

HOUSES are built—for better or worse. This year will see a lot of both, in varying degrees.

Many builders are striking out along new lines in design and construction, and men in other industries are following their noses into building as a market for their products. The results individually are more or less of a gamble for everybody concerned, but with so much brain turned loose on the job, progress in building better houses is sure.

A reduction in cost may eventuate. In most cases, however, this can only be reached after experimentation and adjustment of many factors that can't be ignored at present.

## The Purdue Project

Everybody is watching Purdue University's housing research project, begun last fall with young Frank Watson as director. Mr. Watson collaborated with other housing economists in framing the National Housing Act two years ago and served both the Reconstruction Finance Corp. and the Federal Housing Administration. He is an incisive diagnostician of the housing situation, and in the actual construction of nine houses at Lafayette, Ind., he has adopted a practical approach to a study of cost items.

The results of the bidding indicate that prices will be close to the maximum of \$5,000 allowed by the specifications.

Preliminary studies revealed that it is all but impossible at present to erect well-built, satisfactory, and salable houses at any much lower figure.

Even so, says Mr. Watson, the Purdue houses do not represent all that many *erroneously* believe to be an average standard of living. It has been generally necessary to eliminate dining-rooms. Motor-driven oil-burners and automatic stokers could not be included. Only the simplest kitchen layouts and equipment can be utilized.

In fact, very few of the countless new items of equipment and materials can be included, but those in charge of the project, as well as the architects and industrial engineers, held that no compromises in basic soundness of construction should be made in favor of such items.

As the \$5,000 price class is beyond the reach of 75% of American families, even on the basis of their 1929 incomes, Mr. Watson asserts that housing, as a national problem, is as yet unsolved. Until the possibilities of cost reduction are accomplished, he suggests that the building industry should be satisfied with an annual volume of one billion dollars of residential construction in the present price ranges, leaving the lower income-groups to find shelter in second-hand houses rather than inducing them to overbuy homes which they cannot afford,

## Housing-IV

In this and next week's concluding reports on the housing problem, *Business Week* presents a summary of housing innovations and experiments and the companies responsible for them.

All of them are up against one outstanding difficulty — price. They are trying to reach the mass market, but most of them have decided that it is not yet practicable to turn out an adequate house within the \$5,000 limit which the New Deal desires.

Probably after the pre-fabricated house has won a moderate degree of prosperity, its price will be sufficiently reduced to reach the real mass market.

with the boomerang effect that such inducing has on real estate and building activity later.

The sponsors of most of the new departures in house design and construction run over the \$5,000 line within which the New Deal is trying to stimulate home-building. A favorite argument is that most families in lower income-brackets have not yet recovered sufficiently from the buffeting of the depression to raise the down payment and add the amortized cost to their budgets.

Other builders are frankly looking towards furnishing a better product at the same or higher cost than ordinary houses. In many cases their purpose is to develop a better container for the equipment that they have to sell.

A greater general advance has been made in equipment and appliances than in their housing, although design in some lines could not ignore the fact that most installations have been in old, not in new, houses.

## More "New Americans"

An impressive event in 1935 was General Electric's "new American" home building program. This will be carried on this year with less emphasis on volume, more on demonstration of quality and character.

Carl Snyder, president of Houses, Inc., and manager of the G-E Home Bureau, reports that "we intend to concentrate on and control a comparative few, that they may be outstanding ideal modern homes."

The architectural style will, in general, be more conservative than it was in last year's houses. In each locality where houses are built, the plans will be submitted to the local chapter of the American Institute of Architects for acceptance from the standpoint of local style, custom, and tradition.

There will be a closer tie-in with other manufacturers and with real estate men, operative builders, and financial agencies. A definite proposal will be submitted to operative builders, and



**RIGHT AND WRONG**—Montgomery Ward & Co., joining the safe-driving campaign with a novel campaign of its own—and thereby stimulating sale of tires and other automobile parts—shows American cities how to drive and how not to drive. This crowd at Monroe, La., is watching two Ward drivers: one signals, turns and stops properly; the other does everything wrong (and dangerously).

Let's see why Sherwin-Williams are enjoying

# such **BIG SALES**

on this brush display



**1.** This colorful counter merchandiser catches customer's eye—arranges brushes neatly according to size—retains its attractiveness even when not filled to the top. Dealers like this.



**2.** Its appealing arrangement of the brushes—handles toward customer—invites examination and selection while dealer is filling order or busy with another customer. Dealers like this.



**3.** The customer is already partly—if not entirely—sold, by the time the dealer comes into the picture. And he can pick out the right brush to do the job instantly. Dealers like this.

Trust the dealer. When he sees a good display—one that will work, one that will really merchandise the product—he'll buy it!

Of this display, Sherwin-Williams reports: "Our sales on it the first three months have been over 50% greater than the total sales on our display package throughout the entire fiscal year."

Canco's experience in building displays that work—and that the dealer *knows* will work—extends into every retail field. Call Canco regarding your product.

*Listen to*  
**BEN BERNIE**  
*"and all the lads"*  
TUESDAY NIGHT  
9 P. M., E. S. T.  
N.B.C. WJZ NETWORK

**AMERICAN CAN COMPANY**  
MERCHANDISING SPECIALTIES DIVISION  
*Metal* **DISPLAYS**  
SIGNS AND TRAYS



**Complete decorating service** for the office, covering everything from the walls and partitions down to the last lamp and ash-tray. Sloane's skilled decorating consultants are at your disposal without charge. They are thoroughly experienced in office layout and furnishing. Above: One of the Cunard-White Star offices in Rockefeller Center, showing furniture designed and executed by Sloane's Contract Department especially for this project.

## SLOANE OFFERS BOTH

**Double Economy:** You deal direct with the manufacturer, for Sloane owns and operates its own factories for the manufacture not only of the furniture, but of panelling and partitions as well. And you get another economy: the greater economy of sound, thoroughgoing craftsmanship... which means years of enduring service without costly repairs or reconditioning.



FURNITURE • OFFICE PARTITIONS • FLOOR COVERINGS • PANELLING • DRAPERIES

CONTRACT DEPARTMENT

**W & J SLOANE**

575 FIFTH AVENUE • NEW YORK

*Consult Sloane's Contract Department without obligation on any problem, from a single office to an entire building... Phone or write Dept. 10A.*

those in the same general locality will get the same discounts as any builder who erects the same number of houses.

The terms and discounts will not be "unusual" and a flat price on the G-E layout will be prearranged through its local sales outlet. The general plan will be flexible, as the company's experience last year demonstrated that hard and fast rules too often exclude or discourage builders from cooperation.

But the basic requirement will be adhered to—that each house must include the specified amount of G-E equipment.

### Chassis or Complete House

Many houses have been built commercially and experimentally using structural and strip-steel frames. A few companies market a complete house, others sell only the chassis, either assembled on the site or as units.

American Houses, of New York City, built more than 20 houses in 1935. The frame is constructed of tubular studding with bar joists for floors and roof, closed in by wall panels consisting of a celotex core that is surfaced with asbestos board.

General Houses, Inc., of Chicago, another leader in the prefabricated field, sells and builds a complete housing assembly of steel panel walls with steel floor and roof joists. Experimentation with a steel frame, in combination with wall and roof panels of plywood-surfaced light wood frames, has produced a five-room house that is sold through Sears, Roebuck & Co. at \$2,400 f.o.b. Chicago. General Houses is also building an experimental unit for the Purdue project.

Several houses comprising a frameless steel enclosure have been built by the Insulated Steel Construction Co., of Middletown, Ohio, associated with the American Rolling Mill Co., and another is under construction at Purdue.

### Low-Priced Steel House

Armco has also organized Steel Buildings, Inc., to push its Steelox method in residential building. David S. Betcone, its president, was formerly architectural director and sales supervisor of Sears, Roebuck's housing division.

Armco's new distributing company will sell all materials, except masonry, for complete houses on the basis of stock plans ranging from \$1,800 to \$4,000. Plumbing, lighting, heating equipment, insulation, and other materials will be supplied by contracts with other manufacturers.

The Berger Manufacturing Co., of Canton, O., a subsidiary of Republic Steel, is still nibbling at the idea of seriously embarking on the business of supplying steel framing for residential construction. Four houses have been built in Washington, D. C., employing the Berloy system, and another may be built in Miami.

Corkanstele, of New York, one of the





# EVERY DAY...

## INDUSTRY LOSES \$2,000,000 THROUGH WASTED POWER

In one year this totals three-quarters of a billion dollars—nearly twice the interest on all our war debts.

And who foots the bill? You pay a share of it unless your plant is a rare exception. And not only is it the sort of bill you pay every minute of every hour of every day, but as long as you go on paying it, you jeopardize your whole plan of operation.

*Power waste is a function of time and production. Of time because a plant's power equipment is in constant operation. Of production because the heavier the load on "shaky" equipment the greater the loss and the greater the risk of costly shutdowns.*

There's one thing to do about it: Replace the equipment that has outlived its economical usefulness.

Every plant has its "worst offenders". Yours may be boilers, engines, piping, transmission equipment—any of the sources of possible waste listed at the right.

Your power man will know which and where they are. Give him a chance to show you.

Every day that you tolerate power waste you pay another share of a two-million dollar loss.

The typical plant can cut power costs in half by replacing or revamping obsolete items among the following equipment:

Boiler Room—boilers, boiler accessories, firing equipment, etc.

Engine Room—engines, turbines, generators, switchboards, instruments, control, piping, condensers, etc.

Heating, Ventilating and Air Conditioning—fans, indirect heating coils, direct radiation, radiator air valves, vacuum pumps, piping, fittings, valves, thermostats, insulation, orifice and other control systems, instruments, air washers, air filters, unit heaters, humidifiers, humidity instruments, traps, low pressure heating boilers.

Equipment used in Transmission and Application of Power—motors, motor control, transformers, speed reducers, couplings (flexible), belts and pulleys, variable-speed trans., v-belts, chain drives, hangers and shafting, gearing, clutches, instruments and control, electric wire and cable, switching equipment, protective relays, switchboards, circuit breakers, fuses, hose traps.

Miscellaneous Power Service Equipment and Supplies—lubricants, packing, gaskets, small tools, gage glasses, boiler compound, water-treating supplies, piping, fittings, valves, pipe-threading machines, pipe covering, reducing valves, building materials, paint, protective coatings, coal, fuel oil and gas, purchased current, purchased water, air compressors, service water pumps, service water heaters, new elevators, elevator rope, elevator repairs.

Your own Power Engineer will show you the weak links in your power chain—and how to strengthen them.

330 W. 42nd St.

**POWER**  
A McGraw-Hill Publication

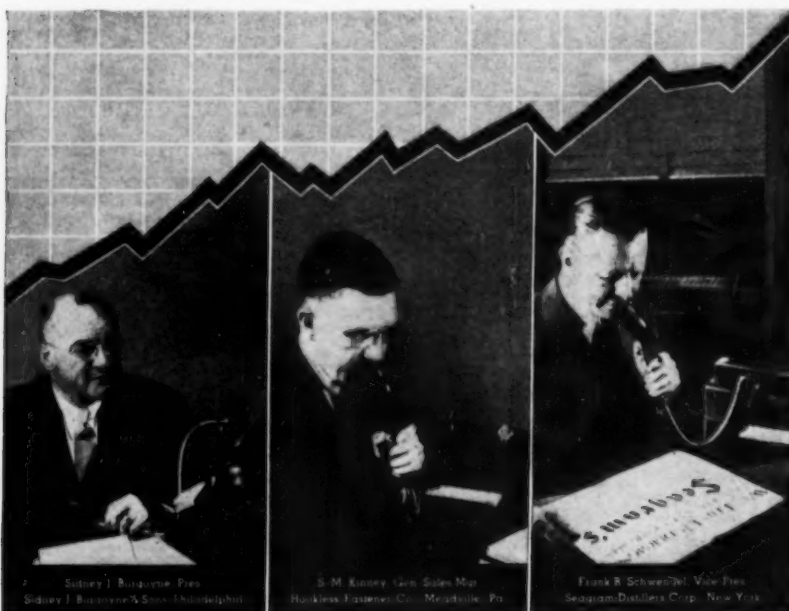
New York, N. Y.

# as businesses grow busier...

## The Trend To Dictaphone Sweeps On

More businesses are using Dictaphone today than ever before. The trend to this modern dictating instrument has reached a point where you owe *your* office full, first-hand information on it. And you can get the whole story with absolutely no obligation. Glance over the names of businesses nationally and in your city which have turned to

Dictaphone to get things done. Then test the benefits of Dictaphone right in your office—with instruments which we gladly supply. Ask the Dictaphone office nearest you to send you a man. You'll find a talk with him mighty interesting—as you will your copy of "What Is An Office Anyway?" mentioned in the coupon below.



### SOME IMPORTANT BENEFITS OF DICTAPHONE:

You and your secretary do a day's work apiece, independent of each other's convenience. You double your capacity to get things done—record telephone instructions beyond question or slip... pin down valuable ideas the instant they occur... make instructions clear and alibi-proof.

Some companies that have recently swung to Dictaphone:

Amalgamated Leather Companies, Inc.,  
Wilmington, Del.  
Mission Manufacturing Company,  
Houston, Texas  
Guarantee Tire & Rubber Co., Indianapolis.  
Citizens & Southern National Bank,  
Atlanta, Ga.  
Globe-Wernicke Company, Cincinnati.

Dictaphone Sales Corporation  
420 Lexington Avenue, New York, N. Y.  
In Canada—137 Wellington St., West, Toronto  
☐ I want to see your representative.  
☐ Please send me my copy of "What Is An Office Anyway?"  
Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_

# DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

pioneers in prefabricated steel framing, is operating on a limited basis but is expected to go places.

National Houses, Inc., of New York, offers an "all-steel" house at \$4,000 and up in metropolitan New York and is planning to expand. B. E. Moses, one of the sponsors, is now tackling the problem of national distribution.

### National Distribution Planned

The company is planning to supply dealers with standard parts from eight plants. Its immediate objective is to line up as many dealers and contractors as possible behind the construction of model houses in order to get display. At present this consists of a one-room unit in Grand Central Palace, New York, and a house under construction in Greenwich, Conn.

The originator of the design of National Houses is William Van Alen, Chrysler Building architect. Stamping of window frames into the wall panels is a novel feature.

Round corner-walls and window-frames represent an attempt to get away from the harsh lines characteristic of prefabricated units, and an exterior finish of pleasing texture has been developed in cooperation with duPont. The president of National Houses is M. W. Amberg, of the Lincoln Steel Products Co., New York exporters of scrap steel.

Structo, of Kansas City, is the corporate identity of Mr. Moses' former associates in Universal Houses, Inc., a concern which built one house in Kansas City. Structo offers a house assembly of standard section steel panels and steel roof and floor members.

The Reynolds Corp., of New York City, sells framing-members of galvanized strip steel filled with a compound to hold nails, in conjunction with all materials and equipment for a "basic" house. The Reynolds Fiscal Corp. will finance construction if local financing is not available.

R. S. Reynolds is a new figure in home building. His aluminum foil business carried him from cigarette and Eskimo Pie wrappings to building insulation and finally to a complete home construction and equipment system.

The company distributes through local dealers for houses designed by architects only. One of its engineers helps the architect and contractor in construction.

*(The roll of concerns that are bringing new ideas to the housing market will be continued in next week's final report of this series.)*

## Housing Prizes

Cash awards will be given to architects for concrete house designs.

THE Portland Cement Association put its weight behind the housing drive this week, sponsoring two architectural

competitions for designs of concrete houses. Cash awards will be given winners in the competition, which is conducted through *Pencil Points*, architectural magazine.

## Not So Broad

**Wagner's big housing plan still lacks Roosevelt's O.K.; mortgagees get more money under FHA arrangement with RFC.**

SEN. WAGNER caused a lot of excitement last week by his broad remarks that President Roosevelt is determined on a housing program that would run to \$300,000,000 or \$400,000,000 the first year. But this soon subsided when the President said that preliminary discussion has not produced any specific plan.

This discussion centers around a plan for replacing government-built slum-clearance projects with aid to housing authorities in the form of a grant plus a loan, or else a straight loan at a nominal interest rate constituting a subsidy. Such a program will look big but actually will require very little outlay of cash this year as housing authorities have been set up in only a few states.

The President and his housing executives are also mulling over proposals (BW—Feb 8 '36, p. 33) for liberalizing the National Housing Act by letting the Federal Housing Administration, for a limited period, insure mortgages covering 90% of the appraised value of new houses costing less than \$5,000.

### Tapering Off

FHA's home-modernization credit plan will probably be extended until next December, but the Administration's policy now is to taper off on that line in favor of encouraging private industry.

FHA concluded an arrangement this week by which the Reconstruction Finance Corp. Mortgage Co. agrees to buy FHA-insured mortgages on a basis of 4½% net, thus allowing the mortgagee not only ½% paid by the borrower as an annual service charge but an additional ½% out of the 5% interest charge.

RFC's fee for discounting will be ½%, payable when it contracts to buy the mortgage. Under a previous arrangement, RFC netted the full 5% interest rate plus discount charge. Commitments have totalled only \$2,000,000.

In order to stimulate residential building, the new discount system will apply only to mortgages on new construction but is retroactive to April, 1935.

The greater use of the RFC mortgage discounting facilities does not signify abandonment by FHA of its plans for establishing national mortgage associations to buy FHA-insured mortgages and to issue debentures against them.

## Interesting facts about AIR CONDITIONING



You probably know about the advantages of air conditioning. Most business men do! But—you may save yourself considerable money and worry, if you study the answers to the following questions:

### What is meant by complete air conditioning?

The term "air conditioning" is often misused. Complete air conditioning actually involves the year-round control of temperature, humidity, air cleanliness, ventilation and air circulation. In summer—the air is reduced in temperature and humidity. In winter—it is warmed when too cold and humidified when too dry.

### What is the first step to take in planning for air conditioning?

Get an air conditioning survey. The General Electric dealer in your community is an air conditioning authority. He will make this survey for you, without cost or obligation.

### What will it cost to install air conditioning equipment?

No one can give you an accurate answer to that question—offhand. The reason?

No two installations are alike. The local General Electric dealer, at the completion of his survey, will submit a carefully engineered proposal covering the installation best suited to your requirements.

### What is the "heart" of an air conditioning system?

The "heart" of an air conditioning system is the condensing unit. General Electric can offer "lower operating cost" because G-E Condensing Units deliver more cooling effect at less cost.

G-E Air Conditioning equipment can save you money. In power and water bills, in maintenance, in long productive life... where savings are most important.

If you want up-to-the-minute information on G-E Air Conditioning, send for free booklet. Mail coupon below.









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Please send me, without cost or obligation, the latest booklet on G-E Air Conditioning.  
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Street Address.....  
City and State.....

**GENERAL ELECTRIC**  
**AIR CONDITIONING**



# The Business Record, State by State

Percent Gain or Loss in 1935 Compared with 1934

States by Regional Groups	 Passenger Car Sales	 Commercial Car Sales	 Household Refrigerator Sales	 Ordinary Life Insurance Sales	 Value of Checks Drawn	 Farm Income	 Electric Power Output	 Heavy Construction
<b>New England</b>	+31	+9	+21	-2	+11	+8	+8	+1
Maine	+13	-4	+9	-4	+8	-13	+7	+92
New Hampshire	+26	-9	+16	+1	+10	+17	+8	-50
Vermont	+47	+17	+18	-1	+9	+20	+20	-10
Massachusetts	+28	+13	+24	-3	+11	+17	+8	+3
Rhode Island	+25	+3	-1	-7	+13	+15	+8	-12
Connecticut	+46	+19	+28	+2	+14	+7	+7	+1
<b>Middle Atlantic</b>	+37	+13	+4	-1	+11	+10	+6	+68
New York	+35	+18	+1	-2	+11	+9	+5	+94
New Jersey	+41	+15	+14	-2	+9	+7	+1	+19
Pennsylvania	+37	+7	+3	+1	+12	+13	+10	+10
<b>East North Central</b>	+60	+31	+26	-0.3	+20	+23	+9	+24
Ohio	+40	+11	+15	-1	+18	+25	+12	+61
Indiana	+71	+62	+10	+6	+19	+30	+8	+2
Illinois	+67	+31	+42	-4	+18	+19	+0.1	+13
Michigan	+66	+30	+26	+3	+31	+16	+15	+23
Wisconsin	+77	+41	+24	+4	+13	+26	+18	+17
<b>West North Central</b>	+59	+29	+2	-1	+13	+10	+15	+15
Minnesota	+74	+38	+25	+10	+12	+22	-2	+68
Iowa	+79	+29	+19	+7	+23	+10	+24	+26
Missouri	+35	+25	-14	-11	+13	+19	+34	-10
North Dakota	+64	+32	+27	+24	+17	+2	+9	-0.2
South Dakota	+88	+34	+19	+6	+15	+16	+10	-39
Nebraska	+57	+16	+16	+2	+9	-3	+1	+31
Kansas	+51	+34	-10	-5	+10	+7	+8	+83
<b>South Atlantic</b>	+30	+24	+7	+3	+12	+0.2	+12	+34
Delaware	+46	+28	+8	+17	+22	+10	+10	+30
Maryland	+47	+22	-14	-4	+10	+11	+14	-17
Dist. of Columbia	+57	+26	-7	+28	+19	No data	+7	+99
Virginia	+46	+34	-0.2	+1	+7	+13	+7	+16
West Virginia	+18	+14	-12	+5	+8	+22	+16	+22
North Carolina	+22	+24	+23	-0.2	+10	-11	+23	+10
South Carolina	+18	+30	+33	+2	+27	-3	-4	+22
Georgia	+15	+37	-2	-4	+10	+5	+14	+92
Florida	+22	+3	+59	+1	+16	-1	+7	+86
<b>East South Central</b>	+29	+32	+8	-1	+8	+11	+12	-6
Kentucky	+38	+33	-9	+4	+8	+40	+2	+23
Tennessee	+37	+50	-6	-3	+12	+11	+6	-18
Alabama	+15	+23	+40	-2	-1	-9	+20	+14
Mississippi	+21	+21	+38	-8	+10	+8	+5	-40
<b>West South Central</b>	+29	+33	+18	-1	+13	+9	+7	+17
Arkansas	+13	+49	+7	-3	+20	+1	+76	+1
Louisiana	+26	+34	+51	+5	+0.2	+19	+5	+39
Oklahoma	+35	+32	-4	-1	+16	+22	+9	+31
Texas	+30	+31	+20	-3	+16	+5	+4	+7
<b>Mountain</b>	+51	+33	+28	+2	+15	+16	+21	-32
Montana	+78	+41	+22	+16	+32	+16	+49	-74
Idaho	+54	+42	+60	+10	+22	+20	-3	+52
Wyoming	+59	+23	+8	+8	+19	+6	+14	+104
Colorado	+39	+17	+14	-8	+14	+24	+8	+32
New Mexico	+32	+29	+34	+3	+19	-5	+10	-37
Arizona	+50	+44	+48	+9	+17	+3	+10	-18
Utah	+57	+38	+23	+8	+12	+38	+50	+31
Nevada	+44	+58	+54	+31	+12	+18	-14	+8
<b>Pacific</b>	+69	+44	+54	+6	+19	+15	+6	-6
Washington	+59	+46	+22	-4	+15	+10	+8	-36
Oregon	+80	+58	-3	+7	+15	+13	+8	-35
California	+70	+41	+75	+7	+20	+17	+6	+15
<b>UNITED STATES</b>	+45	+26	+16	-0.02	+13	+9	+9	+17

Business Week

# introducing

a greater GMC value in  
THE 3-TON range

only  
**\$895**  
CHASSIS  
F.O.B. PONTIAC



On price alone, or on specifications alone, or on the still sounder basis of its ability to outperform and out-earn this rugged GMC truck is an unequalled value.

**Greater Power**—Increased horsepower and increased torque for more work... in fact a larger engine than ever before in a GMC at this low price... efficient valve-in-head design, of course, and many refinements that assure ample power for every demand.

**Improved Performance**—Engine improvements, transmission improvements, rear axle improvements, refinements throughout the entire truck, assure the kind of performance that will fully satisfy the most exacting truck operators.

**Streamlined Appearance**—One glance at this GMC 3-ton value for 1936 and ten to one you'll say its advanced streamlined appearance—in the all-steel "helmet top" cab as well as in the chassis—sets it apart as a truly distinctive vehicle.

**Driver Appeal**—In addition to the many chassis refinements that contribute to the driver's physical and mental comfort there is likewise a roomy, comfortable cab with many conveniences such as advanced features of ventilation, that will improve the efficiency of any driver.

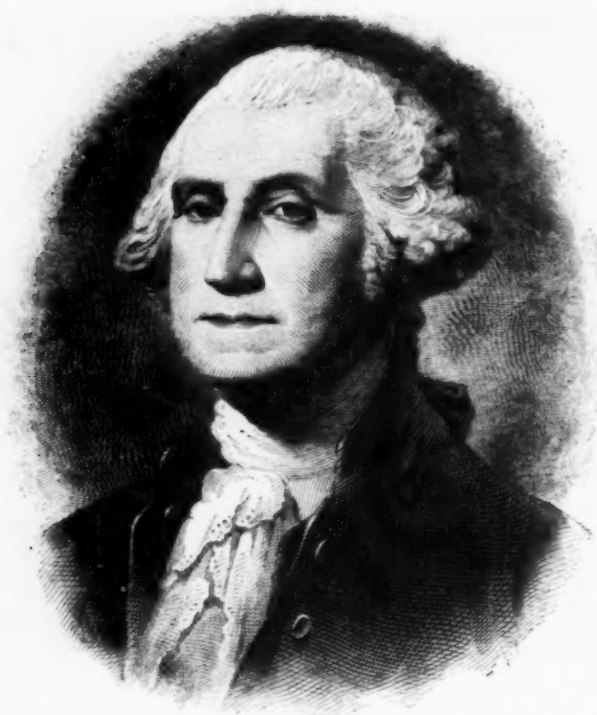
**Dual Performance and other money-saving advantages**—Throughout this exceptional truck are features that shrewd operators will be quick to value in a dollars-and-cents way. And available also is GMC dual performance rear axle which saves gas, lowers upkeep costs, saves oil, saves time and lessens wear.

**1/2 TO  
15  
TONS**

THE PAYMENTS AVAILABLE  
THROUGH OUR OWN YMAAC  
6% PLAN

## General Motors Trucks and Trailers

General Motors Truck Company, Pontiac, Michigan



## FIRSTS in the hearts of Americans

**GEORGE WASHINGTON BORN 1732. FIRST PRESIDENT OF THE ORIGINAL PREDECESSOR COMPANY OF THE CHESAPEAKE AND OHIO LINES, 1785. FIRST IN THE HEARTS OF HIS COUNTRYMEN** ★ ★

**THE GEORGE WASHINGTON INAUGURATED 1932. FIRST LONG DISTANCE GENUINELY AIR-CONDITIONED TRAIN IN THE WORLD. FIRST IN THE HEARTS OF TRAVELERS** ★ ★ ★ ★



**CHESAPEAKE and OHIO**  
*Lines*

*Original Predecessor Company Founded by George Washington in 1785*

"A-L-L A-B-O-A-R-D The George Washington!"—ST. LOUIS—Union Station • CHICAGO—12th Street Central Station • INDIANAPOLIS—Union Station • LOUISVILLE—Central Station • CINCINNATI—Union Terminal • WASHINGTON—Union Station • PHILADELPHIA—Pennsylvania R.R. Stations • NEW YORK—Pennsylvania Station

## The Winners!

**Here are the five leading states in 1935 business volume; Pacific Coast makes big gains.**

SALESMEN who headed for the Coast in 1935 had a good year. *Business Week's* first annual survey of business in the states (page 34) shows the Pacific Coast with the greatest gains over 1934 in four fields out of eight.

In passenger car, truck, refrigerator, and life insurance sales, the Coast states made gains of 69%, 44%, 54%, and 6%—the best gains in the country.

However, when it comes to actual volume of business, the line-up is less sectionalized. A handful of widely separated states, fairly stable in keeping their rank, hold from a third to nearly three-fourths of the volume in the eight lines analyzed.

New York ranks first in every class but farm income, where it yields first place to California. California ranks second in electric power production and heavy construction, Pennsylvania second in passenger car and life insurance sales, Illinois second in refrigerator sales and volume of check transactions, Iowa second in farm income, and Texas second in commercial car sales.

The fourth quarter of 1935 did a lot to boost the margins over 1934. The introduction of new models lifted the gains in passenger car sales from 37% at the end of nine months (*BW*—Nov 23 '35, p.29) to 45% for the year. Gains in refrigerator sales increased from 15% to 16% by the end of the year; in check transactions, from 10% to 13%; and in farm income, from 6% to 9%.

### Power, Construction Soar

Increased activity in motor and steel centers in the last quarter helped lift power production from 7% ahead of 1934 at the end of the first nine months to 9% for the full year. In construction, the Dec. 15 deadline for public projects brought in such a volume of heavy engineering awards that the year ended 17% ahead of 1934, against a 2% decline at the end of nine months.

The five leading states are:

**Passenger Cars:** New York, 242,505; Pennsylvania, 201,936; California, 196,967; Michigan, 182,604; Illinois, 182,202.

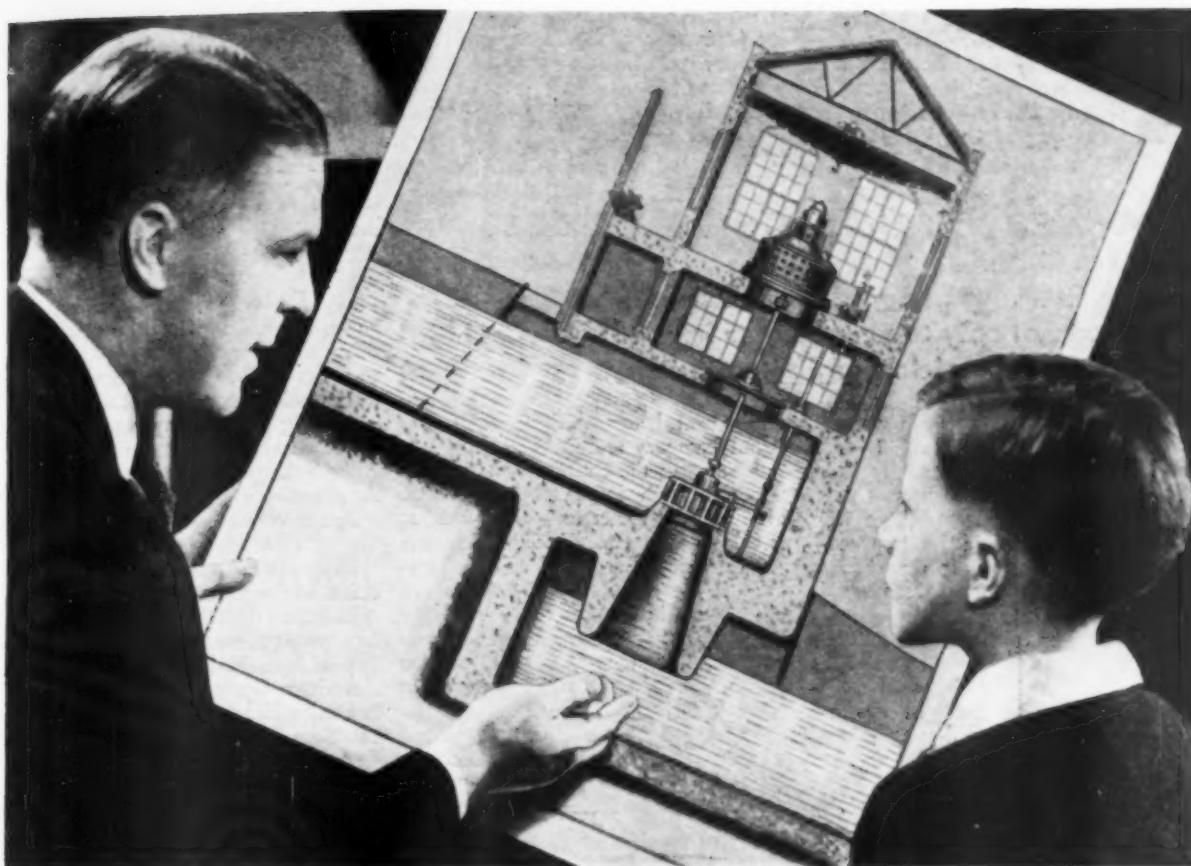
**Commercial Cars:** New York, 35,805; Texas, 32,437; Pennsylvania, 32,097; California, 28,943; Illinois, 23,046.

**Electric Refrigerators:** New York, 191,736; Illinois, 153,868; Pennsylvania, 125,564; California, 123,257; Ohio, 105,028.

**Life Insurance:** New York, \$1,217,899,000; Pennsylvania, \$572,249,000; Illinois, \$503,003,000; California, \$390,071,000; Ohio, \$370,114,000.

**Farm Income:** California, \$481,923,-





## THE WATER GOES ROUND AND ROUND AND COMES OUT HERE

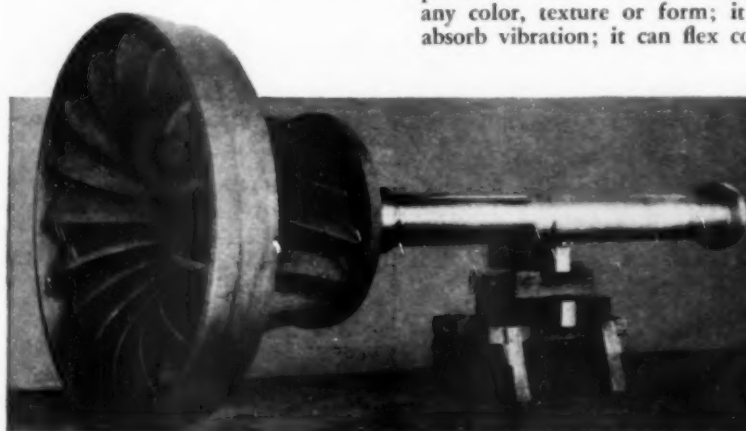
In 3 months it tears holes as big as your fist in the 7/8" steel of these water turbine buckets.

Goodrich developed a special rubber compound, painted it 3/1000" thick on the buckets, and the steel has already lasted 7 months and apparently is good for many more.

Developing a rubber compound that outwears steel is only one of a score of spectacular developments by Goodrich engineers—developments which make rubber a *new material*, with extraordinary new possibilities in industry.

Rubber as Goodrich can now compound it can be made in almost any color, texture or form; it can absorb vibration; it can flex count-

less times without ageing; it can resist chemicals, oil, heat, abrasion; it can be attached inseparably to almost any other material. Goodrich rubber is really a myriad of products. Some one of its many new qualities is almost certain to be valuable to you, no matter what your product or process. The B. F. Goodrich Company, Mechanical Rubber Goods Div., Akron, Ohio.



**Goodrich**  
*ALL products problems*  
**IN RUBBER**

000; Iowa, \$466,849,000; Texas, \$442,310,000; Illinois, \$363,476,000; Minnesota, \$279,496,000. The states with less farm income were those depending chiefly on crops like cotton, tobacco, and potatoes, whose prices were lower than in 1934. In a few instances, lower benefit payments made the difference.

**Heavy Construction:** New York, \$305,725,000; California, \$135,757,000; Illinois, \$82,791,000; Ohio, \$74,766,000; Texas, \$58,903,000.

## For Peace and Good Business

**Roosevelt's appeal for a Pan American conference is designed not only to prevent war in the New World but to overcome suspicion of United States.**

ANOTHER long step towards tranquility, better feeling, and more trade is hoped for in the Pan American Peace Conference to be held at Buenos Aires at the suggestion of President Roosevelt.

The announced objective is peace—the prevention of wars in the Western Hemisphere by treaties, agreements in advance to arbitrate difficulties, and the bringing about of a will to maintain peace.

The President timed his appeal cleverly. Fresh in the minds of all Latin Americans is the extraordinary difficulty of stopping a fight and saving the face of everyone concerned after blows have been struck, as demonstrated in the re-

cently settled territorial argument between Paraguay and Bolivia.

Meanwhile the entire world has been watching fresh proof of the fact that even victories are expensive luxuries, as is being demonstrated in Ethiopia.

Underlying the stated object, however, is the desirability of making another move in the long uphill fight by this country to overcome Latin American suspicion of the "Colossus of the North," a fight on which progress is made an inch at a time, with far too frequent slipbacks. It is a fight to put American industry on an equal footing with European and Asiatic competitors so far as friendly feeling is concerned.

One part of it, despite the disclaimers, is to find some formula that will be less injurious to Latin American pride than the Monroe Doctrine, which stimulates an inferiority complex.

For years now the United States has been trying to preserve all the necessary elements of that famous doctrine, and yet save Latin American face. Long steps toward it were made in the Havana Pan American Conference of 1928, when Charles E. Hughes, now Chief Justice, was head of the American delegation, assisted by Dwight Morrow and Henry P. Fletcher.

But even in that conference there was a terrific flareup, right at the end, after everything had apparently been smoothed over, about the right of the United States to intervene in a Latin American country when internal disorders threatened lives and property.

### Old Animosities Die

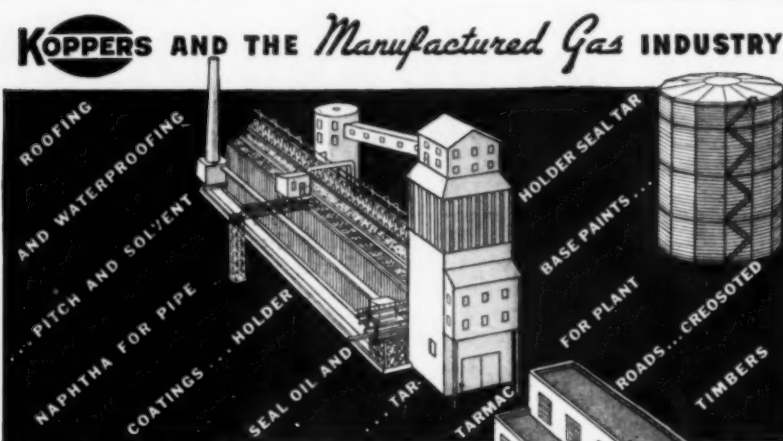
Since then, however, the United States has withdrawn its marines from Haiti, the bitterness about Nicaragua has more or less died away, and Secretary of State Hull, not only at the Pan American Conference at Montevideo, but since, has flattered our neighbors to the South and won new friendship.

A growing menace at present to American trade with Latin America is Japan, especially in textiles, but also in many other lines. Germany and Britain also are tough competitors, especially as their exporters are quicker to meet local prejudices than North American exporters.

In addition Germany has achieved prestige by her lighter-than-air packet line to Brazil, Britain buys Argentine beef, while Argentines wrangle over American foot-and-mouth laws.

The failure of the Export-Import Bank to carry out the rosy predictions made for it has several bad repercussions, especially with respect to Brazil, though not entirely offsetting the advantages of the reciprocal trade agreement.

So that, altogether, there is plenty of room for improvement, entirely aside from the altruistic desire to prevent war, loss of life and destruction of property.



Koppers has taken a leading part in developing a constantly-expanding market for the tar which the manufactured gas industry produces in the process of making gas. Koppers also provides many materials for the gas industry.

**KOPPERS PRODUCTS CO.**  
PITTSBURGH, PENNSYLVANIA

1. Tarmac for Roads
2. Roofing Materials
3. Waterproofing Materials
4. Bituminous Paints
5. Creosote for Wood Preservation
6. Light Oils
7. Tar Acids

## Better Knitting

**Improved machinery for making garments will be viewed at Knitting Arts Exhibition.**

KNITTED dresses and other knitted outerwear have won great popularity in the past five years. Knitting machinery has grasped the opportunity and made big strides both in versatility and in design capacity. This in turn has improved knitting styles and further boosted the demand.

As a result, textile men are waiting with unusual interest for the 37th Annual Knitting Arts Exposition, to be

held Apr. 20-24 in Philadelphia. The first major textile show of the season, it is usually a weather-vane. This year there will be much new equipment.

When a knitting machine that used to take nearly a day to change over to produce a new design, is so improved that two minutes will do the trick, it means that production and marketing are affected in many ways. The number and types of design that knitting machines now handle have increased. The machinery improvement affects some underwear and men's half-hose, and there has been an expanded use of rubber yarns for girdles and garter-top hose. All this will be emphasized at the coming show. Albert C. Rau, who manages it, reports that space sales have already exceeded last year's total, with two and one-half months' selling still ahead.

## Dice and Dusters

**FHA backs down and will now allow these things or anything else to be given as premiums.**

THE Federal Housing Administration's wrangle with the people who are behind the practice of giving premiums with goods sold, lasted only a month. When FHA ruled in December that it would not insure any sales contract for any article (although otherwise eligible for modernization credit insurance) that carried with the sale a gift of some premium that was not in itself eligible, it angered the premium people.

You could not sell a refrigerator and give away a pair of dice or a turkey-wing feather-duster as premiums because dice and dusters are not on FHA's eligible list.

The premium people, aghast at the discrimination against dice and dusters, got after the FHA. As a result, in January, FHA modified the ruling. Now the dealer who wants to put a sales contract through FHA can give anything he wants as a premium. The only stipulation is that the down-payment must cover the cost of the premium.

## Dolling Up the House

**Paint and varnish sales gain 21% in 1935, largely because of FHA drive for repairs.**

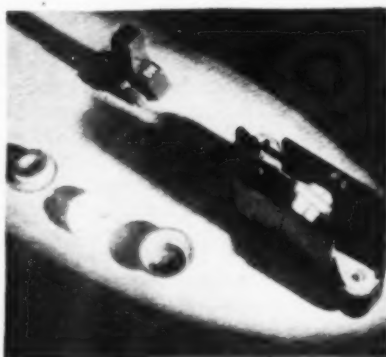
IMPRESSIVE gains in paint and varnish sales during 1935 and extending into 1936 may be credited largely to the drive by the Federal Housing Administration for repair and modernization, according to observers who commented this week on the report from 579 companies in the field, showing a 21% gain over 1934. This brought total sales to the highest point in four years.

## New Products

**New things, new ideas, new designs, new packages, new manufacturing and marketing methods.**

THE New Protod-Pantagraph checks, offered by the Todd Co., are made of a safety paper upon which all-over surface designs may be lithographed in non-sensitive inks without impairing its protective qualities, which instantly produce a blazing trail of the word "void," constantly repeated wherever the paper is touched by ink-eradicating liquids. Thus alterations are difficult.

GENERAL ELECTRIC Co. has announced a new non-clicking switch. The working mechanism is no larger than four or five nickels (5¢-pieces) stacked together, and operates silently as contact



is made or broken by liquid mercury. It is suitable for various switching operations, and particularly practical at points where push-button or toggle type switches are now used.

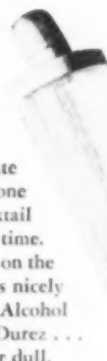
THE Tarrier Steel Co. offers a new lift-jack for use in connection with hoists or greasing pits at automobile service stations. It is used to lift various parts of the car, facilitating the proper greasing of springs, spring shackles, and steering and suspension parts.

FOR casement windows, the Marvel Casement Screen Co. announces a new detachable screen, which is supplied as a complete unit with a permanent supporting frame that is attached by patented clips directly to the casement frame. The hinged screen can be removed easily for storing when not wanted, while the main frame remains in place.

A NEW steam trap, offered by the American District Steam Co., has reversible valve and valve seats, and all the operating mechanism is mounted on the cover to facilitate inspection and service, while all pipe connections can remain undisturbed because they are made to the body of the trap.

## FROSTED DRINKS —

Glass and Durez cooperate with good design to make one of the most attractive cocktail shakers turned out in a long time. The smooth, lustrous finish on the molded Durez top contrasts nicely with the dull-frosted glass. Alcohol has no effect whatever on Durez... it won't "bleed," corrode or dull.



## DEFROSTED WINDSHIELDS



Bishop and Babcock molded the housing of their windshield defroster of Durez because the shape of the housing was difficult to stamp out of metal, but comparatively simple to mold of Durez. Added reason was that Durez gave them a wider variety of finishes. Molded integral with the housing is a bearing for the vacuum-driven molded Durez rotor wheel. Housing is light in weight and deadens the sound of the moving parts.



**SCALES**—The plates on this Ohaus scale were formerly made of another material which did not stand up under laboratory chemicals... acids and alkalis. Molded Durez plates overcame this completely, and in addition provided a smooth, lustrous surface that was attractive, chip-proof and easily cleaned.

**DUREZ** is a hot-molded plastic, simultaneously formed and finished in steel dies. STRONG... LIGHTER THAN ANY METAL... HEAT-RESISTANT... CHEMICALLY INERT... SELF-INSULATING... WEAR-PROOF FINISH.

There are 307 Durez compounds, each with a specific use. In considering molded plastics let us specify the proper compound for the job. For further information and copy of monthly "Durez News," write General Plastics, Inc., 112 East Walck Rd., N. Tonawanda, N. Y.

# DUREZ



**ANYWAY YOU WRITE IT—**



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## DITTO COPIES

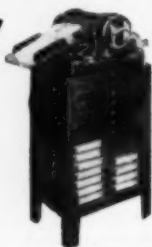
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DITTO requires no stencil, no type, no engravings. It copies anything typewritten, handwritten or drawn direct from the original. You can use pen or pencil and write or draw anything on a sheet of paper and Ditto will copy direct from that sheet on any size or weight of paper or card stock.

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## A Woman's Hosiery

It will be graded and labeled, if manufacturers' standardizing plans are carried out.

AFTER more than a year of conference and controversy, women's hosiery manufacturers think they have licked the question of how to grade their goods and label them with consumer standards.

Originally drawn up last spring (BW—Jun 22 '35, p14), the standards have been modified in three main particulars to satisfy technical objections, and were mailed this month by a manufacturers' committee to the 276 producers of full-fashioned hosiery, for expected ratification.

Six months from now, after manufacturers have disposed of their present stock and organized inspection services along the required lines, graded stockings should be generally available.

### To Make Them Stick

To make the standards stick, it is expected that application for their approval as U. S. Commercial Standards will be made to the Bureau of Standards when a convincing majority of the industry votes their endorsement. After that, the Federal Trade Commission would lend a hand on enforcement.

Under the plan, there will be two sets of standards—construction and inspection. Construction grades embody only the quality factors inherent in the manufacturing process—length, width of needle bar, number of courses, etc. Inspection standards tell how well the job was done, and these are the critical ones, because hitherto the only measure of what constituted a "first," as distinguished from a "second," was the individual manufacturer's standard.

In reducing inspection techniques to a mechanical basis, the Committee on Standards of the National Association of Hosiery Manufacturers established five types of irregularities (flaws, yarn breakage, off-color threads) depending on size, and four zones in each stocking: the foot and eight inches above the heel, the next 12 inches, from that point to the welt, and the welt.

### Irregularities Permitted

Certain specified irregularities are permitted in certain zones. Thus, no stocking can be graded a first if there is any irregularity in the foot or the first eight inches, which the committee reasons is commonly on view, though practically anything goes in the welt, which is rarely on public exhibit.

Neither the top construction grade (A) nor the top inspection grade (first) will be marked on hose meeting those qualifications, but the second and third grades (B and Substandard construction; irregular and third inspection) must be declared by an appropriate designation in letters 5/32 of an inch high.

Reduce postage by making copies on tissue



Copy shipping tags without rewriting



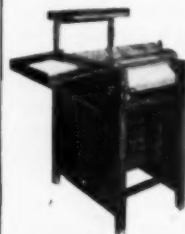
Make factory copies of orders on card stock without rewriting.

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copies on any weight paper from tissue to heavy cardstock

FLEXIBILITY and adaptability are Ditto's outstanding characteristics. Ditto makes copies on any weight paper from tissue to card stock, thus eliminating rewriting of essential copies in order-billing, production order and other routine systems.

Almost every order-billing system or production order system can use copies on tissue or card stock to advantage. Some concerns save hundreds of dollars on postage alone by making copies on tissue; and in factory order work copies on card stocks are often indispensable. It will pay you to write for complete details. There's no cost or obligation.



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## Business Abroad

**Two American companies are now operating more successfully in Germany. France fails to agree on Soviet commercial credit. Austin company will make planes in Britain. Japan makes new inroads in Britain's markets.**

THE probability that troops will be marching in Europe before the end of 1937 is discussed openly in Washington and most European capitals. This will almost certainly be the signal for the outbreak of hostilities in the Far East. An engineer just returned from the Orient reports that there have been serious skirmishes along the Manchukuo-Mongolia border for more than four months, some of them lasting for three days at a time.

This accounts for the feverish activity in the war industries in every country, and for the stinging attack on the British government this week by the alert younger group in the government who realize the seriousness of Britain's lack of preparation for a struggle which is inevitably imminent.

### Conference and Coronation

Britain has postponed the Imperial Conference which was scheduled to be held in London this year. Prime Ministers in the Dominions ask that the conference coincide with the coronation of Edward VIII so that they may avoid making the voyage to London in two successive years.

Russia's buyers in foreign markets are now seeking a different kind of equipment than they bought during the first seven years of planned production. Members of the Soviet cosmetic trust have arrived in the United States for an inspection tour of American cosmetic plants, expect to place orders for more than \$100,000 worth of equipment before they return to Russia. Nearly \$60,000 worth of equipment was purchased in Europe before the party came to this country.

Brazil is going to benefit from the improvement in the steel industry in the United States. The United States Steel Corp. has started operation of its manganese mines in Brazil for the first time in four years because of the increased activity in steel mills in the last few months. During the depression, practically all manganese used came from the Soviet Union.

### Mexico for the Mexicans

"Employers who are fatigued by Mexico's social and economic struggle can turn over their industries to the workers or the government, but stoppage of activities cannot be countenanced." This edict by the President of Mexico last week epitomizes the attitude of the present government toward the foreign-controlled corporations which handle nearly 90% of Mexico's mining industry and an important part of the country's manufacturing. It is an indication of the more stringent control legislation which can be ex-

pected by foreign companies developing Mexico's resources.

It will frighten foreign investment, but will provide a market for United States machine equipment in the new domestic industries which will be built up behind this government protection. So far, Mexico's credit record for this new business is excellent.

## France

**Political agitation rises to new peak. Government refuses to use public funds to guarantee Soviet commercial credits.**

PARIS (*Wireless*)—Dissolution of the Royalist Action Française, Sunday's parade of the Socialist and Communist members of the Common Front following the unpremeditated wounding of the Socialist leader Léon Blum, and the Paris University students' manifestations, all are evidence of political agitation in many parts of France, though

no further serious developments are anticipated immediately.

The Treasury has secured a loan of \$200,000,000 in London at 3%, after long negotiation.

France's plan to create a fund of about \$40,000,000 with which to insure credits granted by manufacturers to the Soviets has fallen flat. The plan was that the government would guarantee credits up to five years, as is being done in both Germany and Italy on orders secured from the Soviets. But the Caisse de Dépôts et Consignations was asked to undertake the insurance of credits, and the parliamentary committee in charge of these funds refused to allow them to be used for this purpose.

## Great Britain

**Present political crisis may end in Baldwin resignation. Manufacturers of Austin cars plan also to make airplanes. Spread between exports and imports may force government to cheapen pound.**

LONDON (*Cable*)—Britain is face to face with a new political crisis, precipitated by the slashing attack on Prime Minister Stanley Baldwin and his government by Foreign Secretary Austin Chamberlain. The present government is accused of neglecting to get promptly behind a comprehensive and rapid rearmament program, and of failing to keep up to date on foreign affairs.

As a result of the open attack this week, the country's entire defense program is likely to be coordinated under one ministry and speeded up; eventu-



**PARIS LOOKS AT THE KITCHEN**—At France's annual Household Arts Exposition last week, French housewives had their first glimpse of 1936 electric refrigerator models, registered unexpected interest in "kitchenettes" (still a novelty in France), and swarmed around the Swedish AGA booth to see the "wonder" stove which burns an incredibly small quantity of coal (it has been tremendously popular in the United States for several years—*BW*—Jan 23, 1934, p. 12). American manufacturers who participated prominently at the show: Hoover Vacuum Cleaner, Kelvinator, Frigidaire, and Westinghouse.

ally, it must mean a political revolt, with the Tories opposing the government and possibly Prime Minister Baldwin resigning. The commercial aspect of the whole thing is the reassurance of a large spending program on arms and aircraft.

#### Austin to Make Planes

Britain's motor manufacturers are continuing to expand and diversify after the model set by the larger manufacturers in the United States. Austin Motors, after deciding only a few months ago to erect its own mills to assure a steady supply of steel for its expanding automobile business, is now considering the construction of airplanes in factory extensions already under way.

Imports are expanding more rapidly than exports. Business declares this is due to two things: rush imports of raw and manufactured products essential for the rearmament program, and imports demanded by the rising standard of living. Leaders expect the government to adopt a policy of deliberately lowering the value of sterling in order to force exports, and may later increase duties on imported goods.

## Germany

**General Motors subsidiary is expected to pay dividend. United Fruit has new campaign plan to recapture German banana market.**

BERLIN (Cable)—Germans who flocked to the opening of the annual Berlin automobile show this week looking for a new cheap car were disappointed. There were new models in a dozen different designs, but there was no sign of the "wonder" car which Chancellor Hitler has urged German manufacturers to produce for the three million Germans who can't now afford automobiles but who would buy cars of the small \$500 variety which Hitler hopes will be produced shortly.

Following depression and stagnation in the latter part of 1935, the tone of German stock exchanges has been decidedly more cheery since the beginning of the year. An improved dividend outlook is mainly responsible.

#### Dividends Are Up

In spite of vexatious price regulations and limitations of dividends, many German corporations are resuming or increasing dividend payments. The case of Krupp, who again passed dividend in spite of higher profits, is not considered typical. It has been Krupp's policy for years, as a family-owned concern, to reinvest profits in plant extension and renovation.

Krupp's satisfactory results are, however, considered as an indication that the Vereinigte Stahlwerke (the United Steel Works) will resume dividend pay-

ments and distribute 3%. The Siemens electrical concern declared a dividend of 8% against 7% last year, but the additional 1% will, under the German "Loan Stock Act" have to be invested in government bonds. The Chemical Trust—L. G. Farbenindustrie—is also expected to raise its dividend by 1% to 8%, though in this case, too, shareholders will not be able to benefit immediately.

#### Automobile Dividend 6%

Another record automobile year will probably enable Germany's two largest producers, the General Motors-owned Opel Co. and the Daimler Co., to resume dividend payments. Opel is expected to declare a dividend of 6%.

As to banks, only two of the Big Five, the Reichskredit Gesellschaft (entirely owned by the government) and the Berliner Handelsgesellschaft (only big private bank without branches), are paying 6%, same as last year. Whether the other three, including the Deutsche Bank, will resume payment of dividends is doubtful. They may again prefer to strengthen their reserves.

At the end of 1935, Germany was building more than twice as many ships as a year ago. The number of ships under construction at German shipyards was 156 of 521,700 gross register tons, against 65 ships of 220,300 tons at the end of 1934.

Large orders for tankers placed last year by Standard Oil and Shell were instrumental in producing this shipbuilding boom. Shipbuilding orders were one of the few ways in which the oil concerns could liquidate their frozen mark balances in Germany. The Germans paid for oil imports in ships.

#### United Fruit Has a Plan

A similar development is now under way in regard to bananas. For the last three years, the United Fruit Co. has seen its banana imports into Germany rapidly dwindling. Characteristically, about one-third of its loss in trade with Germany went to Cameroun, former German colony in East Africa (now French), where large plantations, developed by Germans, agreed to barter bananas against German goods. Last summer, the Berlin public was amused watching an African Negro selling bananas opposite the Berlin Zoo and shouting "Buy German bananas."

Import figures for 1932, 1934, and 1935 (first nine months of these years) were as follows (in metric tons):

Imports from:	1932	1934	1935
Cameroun .....	2,120	8,690	20,750
Canary Islands ..	11,800	9,160	16,160
Jamaica .....	62,350	50,000	11,000
Colombia .....	1,900	2,820	2,180
Honduras .....	7,300	8,250	1,900

The United Fruit Co. is now preparing to recapture at least part of the German trade lost during the last three



IT WON'T BE EXPORTED—Russia prepared this canned crabmeat for export, put English labels on the cans, then decided to keep it. All part of the new Soviet campaign to make life more livable at home, the cans are part of the stock in a Moscow store.

years. Together with the two largest German fruit importers (Gustav Scipio in Bremen and Hans Olf in Hamburg) it has launched the Union Handels- und Schiffahrtsgesellschaft which is to engage in transportation of bananas from Central America to Bremen, Germany's main port of entry for all fruit imports.

To start with, the British and Dutch subsidiaries of United Fruit are bringing six ships with an aggregate tonnage of 30,000 gross tons into the new company so that in future all banana imports into Germany will be carried under the German swastika flag. It is, however, proposed to place orders for new banana ships with German shipyards. In this way the Germans will be able to pay for part of the imports while negotiations are under way with German firms in the Rhineland and Westfalia regarding substantial barter transactions with banana exporting Central American states.

Germany has a very poor apple crop this year, so that an increase of banana imports will be welcomed.

## Soviet Union

**Russians will invite foreign industries to exhibit in Moscow. Retail shops want new cash registers.**

Moscow (Cable)—To stimulate intelligent demand for new types of consumer goods, *Za Industrializatsia*, organ of the heavy industry, this week for the



first time advocated the organization of frequent exhibits in metropolitan centers where foreign products could be shown. Such exhibits, the publication asserts, would familiarize Soviet producers with the latest developments abroad and would help to overcome the Soviets' backwardness in technique.

Two foreign exhibits have already been of help in Moscow. The first was a display of Czechoslovakian goods a year ago, and the second is the French exhibit now showing. Factory delegations from Moscow and the provinces constantly stream into the vast exhibit hall to admire foreign made products not yet available in this country. Exhibitors from both countries are reported to have booked considerable business.

To meet the rising demand for a wider variety of consumer goods, and to maintain ways for workers to buy necessities and little luxuries with their increasing incomes, Soviet light industries this year will increase their output of motorcycles, bicycles, phonographs, radios, and watches, and will introduce new items to the market such as electric razors, vacuum cleaners, refrigerators, and new types of cameras.

#### Russia Needs Cash Registers

To improve trading methods, Soviet stores, it is reported, will need this year nearly \$125,000,000 worth of equipment. Cash registers are first on the list of wants. There are no more than 12,000 machines in the country now, and most of them are out of date. As a result of the demand of retailers, it is expected that two factories, with a

production capacity of 15,000 machines a year, will be built soon.

Four million acres will be added to the wheat farms of the Soviet Union this year in an effort to increase the output 21%. Increased use of agricultural machinery, wider fertilization, more irrigation, and better organization are expected to produce the increase planned.

Russia expects 25,000 foreign tourists this summer. In 1929, the Soviet Union was visited by 2,600 tourists from abroad. In 1931 there were 6,500. Last year the influx jumped to 18,800.

## Far East

**German and Belgian trade missions survey Manchukuo for new business. Japanese beat British out of Siamese rail order.**

JAPAN's newest puppet, the autonomous state recently carved out of North China, is making plans to exchange diplomatic commissioners with Manchukuo. Peiping is still outside the autonomous area, but it is only about 15 miles from Tungchow, which has been made the capital of the new state.

There is already talk in Manchukuo of reestablishing Emperor Kang Teh in his old imperial palace in Peiping, and making him Emperor of the entire new Japanese-controlled territory on the mainland of Asia.

Japanese advisers are as completely in control of the new state as they are

in Manchukuo. Direct radio communication with Japan is being established.

Autonomous state officials have already requested that customs receipts at Tientsin be turned over to the new régime. This has been refused by the English Inspector-General of Customs, who was placed in charge long ago when these revenues were pledged as security for foreign loans. So far, Japan has been cautious not to allow transfer of territory to interfere with the payment of service charges on foreign loans. The British have a large stake in the railroads and public utilities here.

The German trade mission which has been in Japan and Manchukuo is reported ready to negotiate an agreement to buy annually about \$30,000,000 worth of soy beans in return for the purchase by Manchukuo of \$10,000,000 worth of German machinery.

A Belgian Economic Commission is now in Manchukuo conferring with leading officials and business men in Hsinking and Mukden. It is expected that the Belgians will offer to buy soy beans direct instead of importing them through Germany, and that they will attempt to sell Belgian steel specialties to the new government.

#### Japan Wins in Siam

Japanese trade representatives are having some success in penetrating the great markets in southern Asia which are now dominated by Europeans or the Americans. The Siamese have just placed their first large railway order with Japanese manufacturers. More than 300 freight cars and about \$90,000 worth of bridge materials have been ordered in Japan. The British formerly supplied practically all of Siam's rail equipment.

Japanese oil interests have submitted bids to Lisbon for prospecting rights in the Portuguese portion of Timor Island. This is in the midst of the Dutch and British colonial empires in the East Indies, and is near important United States oil concessions.

## Latin America

**Credit conditions in Latin America improve. Mexico and Peru raise their credit rating.**

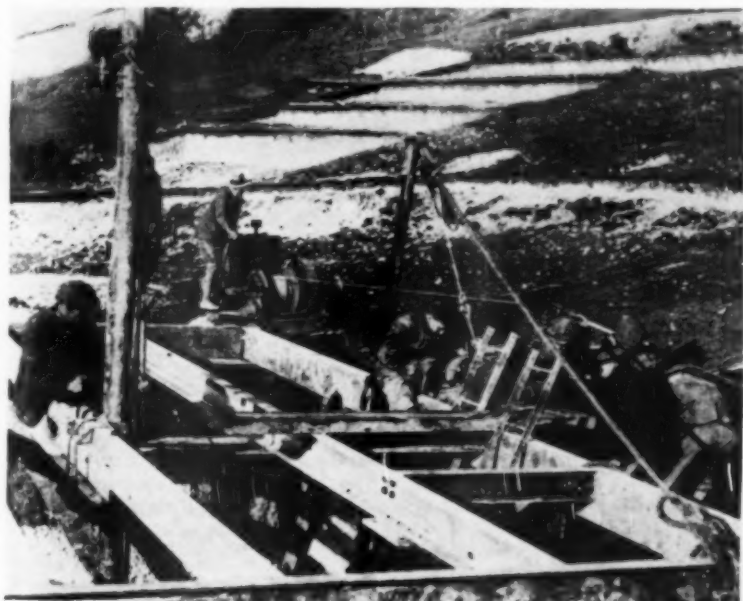
CREDIT and collection conditions in Latin America are rated by the National Association of Credit Men for the last quarter of 1936, and released this week:

**Good:** Peru, Argentina, Puerto Rico, Cuba, Mexico, Panama.

**Fairly Good:** Venezuela, Colombia, Haiti, Brazil.

**Fair:** Dominican Republic, Chile, Ecuador, Salvador, Guatemala, Uruguay, Honduras.

**Very Poor:** Paraguay, Bolivia, Nicaragua.



**BRITAIN'S FLEET NEEDS OIL**—and in time of war the United States and Russia would be the sources of much of that oil, as things stand now. But England is hoping that test drillings such as this one (at Portsdown Hill) will lead to the discovery of vast pools believed by some geologists to lie under the islands. A few oil deposits have been found, over a period of years.

## What Sanctions Do

Their application against Italy is forcing trade channels to shift.

BERLIN (*Business Week Bureau*)—When members of the League of Nations agreed to apply sanctions against Italy, it was obvious that there would be some important trade shifts, particularly in Central Europe and the Balkans, where an important part of each country's business had been with Italy.

The Rumanian weaving mills, which until sanctions were applied, drew most of their supplies of yarn from Italy, are placing almost all their business in Austria, with the result that most Austrian mills are now operating at capacity.

Yugoslavia also bought yarn from Italy, but the Yugoslavs are turning to Czechoslovakia. However, because the Czechs are demanding payment in foreign exchange, which Yugoslavia lacks, it is likely that Belgrade officials will find some way of encouraging a domestic industry. One of the side effects of sanctions will inevitably be the building of domestic industries.

Germany's efforts to expand her trade with Yugoslavia and to draw an increasing part of her raw materials from that country have been more successful than most outsiders realize. Last year, she had outstripped Italy in both exports and imports. Yugoslav foreign trade figures show what is happening:

	(millions of dinars)		1935
Imports from—	1934	1935	% of total
Germany	497	598	16.17
Italy	555	370	10.02
Exports to—			
Germany	598	752	18.65
Italy	798	672	16.68

## Woes of Prosperity

**Airplane manufacturers flock to Coast, do a big business, and discover shortage of labor.**

AIRPLANE manufacturers in California are once more suffering the hardships of prosperity. They are wrestling with a labor shortage.

### GET MORE BUSINESS — Use Post-Card Ads! —

Now you can illustrate, print and address the cards yourself—oil operations—on a simple little machine called the

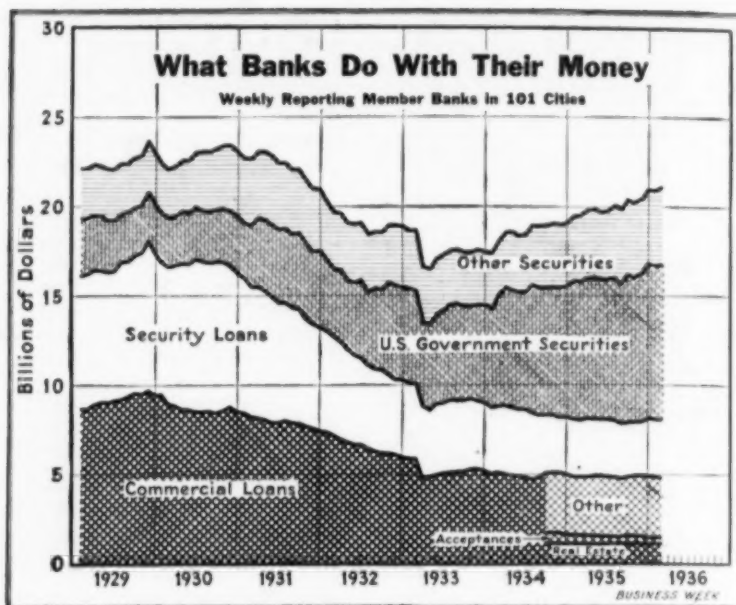
### ELLIOTT CARDVERTISER

Uncle Sam furnishes the penny postal cards... you have no cuts to buy or type to set. Businesses of all kinds—Retailers, Manufacturers, Wholesalers—are rapidly discovering big results from post-card messages sent to customers and prospects. Cardvertiser models from \$60 to \$150. Write on business stationery and receive sample cards your line.

THE ELLIOTT COMPANY

151 Albany St.

Cambridge, Mass.



The boom times started with the general concentration of the airplane manufacturers on the Coast. Boeing, Douglas, Northrop, Lockheed, Kinner, Menasco, and a lot of others are old settlers out there, principally in Los Angeles. North American Aviation and Consolidated Aircraft moved out there in 1935. The reason?

First (you guessed it) the weather! Test flights can run 12 months in the year—air deliveries also. And you can't do that in the East—though Curtiss-Wright, Wright-Aeronautical, Pratt & Whitney, Martin, and Sikorsky still operate there in a big way. Second, the Navy has been a large buyer and its main base is San Diego.

Douglas Air Craft last month received a \$3,650,000 contract for 114 torpedo-bombers to be used on two new aircraft carriers scheduled for completion next year—new-type, low-wing, single-engine monoplanes with greater speed and range than former planes on carriers. They have \$14,000,000 in airplane orders on hand. They expect to use up to 4,000 workers in 1936.

### More Jobs

Consolidated reports a schedule for 10 planes a month. They will need 1,450 employees to handle \$9,000,000 of Army and Navy orders.

Northrop is building up personnel to get under way with a hundred or more attack planes for the Army, on a \$3,000,000 contract. It is sending 20 of the same type to China.

Lockheed has increased its personnel. So has North American. Waco has begun delivering 44 ships to Brazil, where 158 are already in use.

These companies are now at work trying to develop a basis of cooperation so that competition for labor can be avoided. Consolidated Air Craft has

been advertising by radio and newspapers, offering jobs to skilled mechanics. Other companies are reported to be paying the fares of high-speed tool-and-die makers, sheet-metal workers, electrical welders, and aircraft riggers from the Middle West and East. Qualified aeronautical engineers are scarce.

## Copper in Demand

**For war or peace, the world is rapidly increasing its consumption.**

COPPER is an essential for both war and peacetime industries.

Europe claims that last year's rapid gains in the consumption of copper were due to industrial recovery. England, particularly, points to a rapidly expanding automobile industry, to the vast new interlocking power system, and to the expanding use of electricity to explain the 65% increase in the consumption of copper since 1933.

With troops waging an active campaign in Africa, Italy makes no comment on the 27% gain in copper consumption last year. Germany has its automobile boom, like England, but Berlin admits that rearmament is consuming vast quantities of raw materials. German consumption of copper in 1935 was 15% ahead of the previous year.

The average monthly consumption figures for the last three years:

Country	1933	1934	1935
United States	31,811	34,759	43,542
Germany	14,158	18,450	21,202
Great Britain	12,092	18,425	19,900
Japan	6,875	9,375	11,273
France	9,025	7,558	8,556
Italy	4,992	5,242	6,635
Sweden	2,458	3,025	3,550
Other Europe	6,550	7,875	10,800

# Money and the Markets

THIS time it was the government's turn! The public utility industry was snubbed by the Supreme Court, the government's Tennessee Valley Authority approved (p. 7). It was a narrow decision, confined wholly to the immediate case before the court, but it was nevertheless broad enough to wilt spirits in the utility world.

Financially, the effect was a flop. The stock market, quick mirror of business happenings, got most of its excitement out of the wrong fact that when the decision first started to come, Wall Street thought of course it was against the government. The fact that it was not, accounted for a dizzy backlash of prices that nearly unhorsed the facilities of the New York exchange for a few minutes.

Prices dipped neatly when the pronouncement was understood, and the brokerage trade rang the cash register feverishly for a few hours, hitting enough keys to give it the best day's trading in two years. Whereupon, with nonchalance and aplomb, the stock list turned next day and made a new high for the movement, the year, and the last half decade. Utilities still faltered, but the rest of the market saw no reason for sustained mourning.

Meanwhile Secretary Morgenthau was helping the utility companies out by burning midnight lights with his new financing plans for March. The Secretary started off the job by himself, having lost the services of Under-secretary T. J. Coolidge, who formerly did the running back and forth between the Treasury and Wall Street, and not having got his new man into harness yet.

His problem involved \$450,000,000 of Treasury bills maturing Mar. 16, \$559,000,000 notes maturing Apr. 15, the fourth-quarter deficit (probably \$600,000,000) and a little cash to store up against bonus payment. If he tackles the whole mess at once he will ask for \$1,600,000,000, perhaps more.

Investment quarters are expecting him to make a sound offer, since it is highly desirable just now—with the budget getting a lot of suspicious glances—to put any financing across without snags. Best street opinion is that he will handle both March and April maturities and ask for some new cash in addition, probably with long-term bonds carrying a 2½% coupon.

March income tax receipts probably will be well over \$400,000,000. If it wanted to use up this income, the Treasury could scrape by with necessary refunding plus only about \$200,000,000. Chances are, however, it will seek new cash of about \$600,000,000.

## Rejuvenated Rails

In the listed bond markets the second-grade railroad issues were taking the lead again this week. These securities have been so boisterous in the last few weeks, however, that professional bond traders are beginning to worry about the strain on their nerves. Railroads have been getting a lot of excellent publicity, and their status is undoubtedly improving right along, but bond people are wondering whether roads represented by second-grade liens have had their prospects changed quite as radically as the market advance would suggest.

The TVA decision is expected to cause directors of some of the most intimately affected companies to re-scan a few of the refunding plans they have been preparing, but this was a minor note in the week's financing grist. Of more importance was the bulge in the

quantity of public offerings, including two large utility offerings which were already set to go. Next week should see the big New York Edison issue on the market, as well as several stock issues.

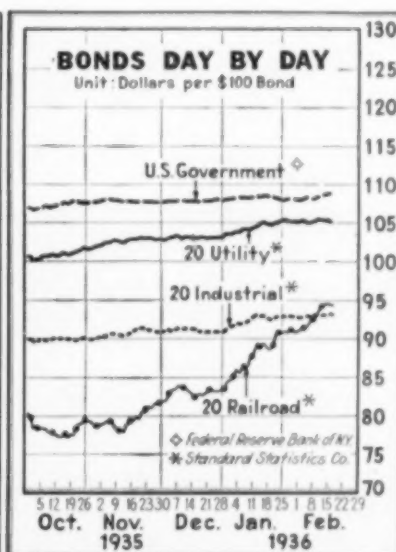
## Large Crops on Way

Simple soporiferousness is the state of grains and cotton. Gradually it is being conceded that regardless of new crop-control devices by the government, this year's crops have every chance of being irritatingly large. At the same time, current feeding of wheat and cotton into the markets is restricted. In the former, the natural scarcity of good grades keeps spot prices up. In the latter the artificial barriers of government domination serve to keep prevailing spot prices stiff.

But in both cases distance provides disenchantment and futures for the far-off months are cheap. Hence traders trying to figure things out are baffled by the combination of nearby strength and distant weakness and consequently are chary of entering sizable commitments. Cotton has the added uncertainty just now of the squabble over how the government's six million bales will be liquidated. For the long term, the coming liquidation is recognized as bullish, but that is not helping traders with the current puzzle.

## Excursion Called Off

Outside the utility field, the TVA decision probably provided more cruel and unusual disappointment for the copper people than for anyone else. The copper crowd, a few hours before the decision, had hooked on to an anticipatory glory train when a big seller raised the price to 9½¢. Prior to that action there had been a vigorous buying wave under way in expectation that the TVA decision would unleash the utility companies from their shut-purse policies. Copper buying had reached 60,000 tons for the month, a high figure.







## "TONY INC." HAS A GOOD MANAGER TOO

**She's Got the Family Out of the Red And Is Using Some Profits For Maintenance**

• "Here is the gross we ought to do, here's our bank statement, now it's up to you to make a profit this year," said the corporation president to his manager a year ago. Today, the books reveal a highly satisfactory result due to shrewd financial management.

• *Another manager is taking a bow, too—Tony's wife. Tony's your shipping clerk from 8 to 5. But he's head of Tony, Inc., a good, sound American Workingman's Family the rest of the time. That firm's been through a few things, too—Maria's accident, Silvio's tonsils, Tony's stolen overcoat—total debt: \$165.*

• Then Tony made Maria general manager and treasurer. "I'll make it, you spend it," he said. First thing Maria and Tony did was to negotiate a loan from Household. That paid off all the bills, so there wouldn't be any collectors to worry about.

• *Then Maria studied family budgeting and better buymanship from free instructions furnished by Household. Now Tony, Inc., is on the "up and up"—or as your manager would say, "proper amortization and efficient distribution of funds have placed us in a strong position."*

• Over 400,000 families yearly "amortize" through Household. You'll be interested in learning how they do it. Send for free sample literature and see how Household helps them to a better and sounder financial life.

### HOUSEHOLD FINANCE CORPORATION

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City..... State.....

But Monday afternoon the glory train was still in the station and the trip was postponed. The price raiser got no business at the  $\frac{3}{4}$ ¢ advance. It was a mournful shock, since the industry had been eagerly awaiting the day when the public utility companies would feel safe in going ahead with expansion plans, which meant buying copper by the fistful.

The only solace available was that other industries are still good buyers and that much of the prospective utility business is so pressing that it will be consummated regardless of the TVA setback. Hence there is hope that this interrupted advance will be resumed and will continue.

### PWA Quits Rail Lending

Financing of railroad equipment loans by the Public Works Administration was stopped last week. From now on the Reconstruction Finance Corp. (which has been buying rail equipment trust certificates from PWA and incidentally making nice profits on resale to private interests) will continue to finance equipment needs of railroads as it considers advisable. Technically only one step has been removed from the routine that since 1933 has resulted in supplying a market for nearly \$200,000,000 of equipment certificates by PWA, of which RFC has taken over a good part and resold. During that time PWA's money was responsible for the introduction of a number of streamlined trains.

Now, however, with railroad credit getting better and investment funds avid for outlets, it is expected that public financing of rail equipment liens will enjoy a notable spurt. Some of the larger roads have recently made equipment trust sales to underwriters, and the latter have found a ripe market for them.

### Sears Joins Exchange

Sears, Roebuck & Co. enlivened commodity gossip circles this week when the big mail-order house purchased a seat on the Commodity Exchange, Inc., of New York. Rubber interests probed for some significance in the move in connection with Sears' auto tire situation.

The Federal Trade Commission has been poking into the trade relations between Sears and Goodyear Tire & Rubber Co., from whom the mail-order house has been buying most of its tires and receiving preferential treatment. A decision in the case is expected soon, and if the commission were to rule that Sears had been unduly favored by Goodyear and ordered to change the basis of relationship, it would be logical for Sears to adopt a plan of buying its own crude rubber and having it made into tires on a cost-plus basis, as Montgomery Ward does on part of its business. In that event Sears would undoubtedly use the exchange for hedging purposes.



WIDE WORLD  
**PEEK'S PRIDE**—When L. W. ("Chip") Robert stepped out of his job at the Treasury (assistant secretary), President Roosevelt lost little time in finding a successor. He nominated Wayne C. Taylor, Chicagoan and former assistant to George Peek in the Export-Import Bank.

This is just theory, however. The trade points out that an organization as large as Sears is fully justified in acquiring an exchange membership in order to save commissions on hedging and other business it may transact in hides, silk, and copper, as well as in rubber.

### Looking at the Record

The Senate committee endeavoring to pin the March 11, 1935, break in cotton futures prices on dusky dealings by speculators and large spot-cotton houses discovered this week that it had its neck extended a shade too far. W. L. Clayton of Anderson, Clayton & Co., one of the cotton houses accused of holding too important a place in the cotton trade, spoke a piece that temporarily made the government shift its stance to the defensive.

Mr. Clayton said right out loud that cotton market fluctuations for the last six years had been wholly the government's business. From the Farm Board cotton corner right on down to the repeal of the Bankhead Act, the cotton market has been subject to the unpredictable whims of official action, the cotton man claimed, and it was sheer nonsense for the government to go nosing around seeking sinister speculators when no self-respecting speculator would attempt to guess the next turn of officialdom's cotton detours.

## Editorially Speaking—

"THIS fire comes to you with the compliments of—" Well, it isn't really like that, but it's pretty near it. In radio you can now sponsor an orchestra, a comedian, a dramatic skit, a ball game, a prizefight—or a fire.

There was a large fire recently in New Britain, Conn., and Station WNBC did the usual things—threw its staff of announcers and technical men into the neighborhood, broadcasting from streets and roofs. But it also put its salesmen on the phone and they quickly sold the time to an insurance company, which in turn sold many more fire policies.

THE librarian of Olin Library, at Wesleyan University, reports that he recently found this in the catalogue of a New England bookstore: "Having formerly listed certain titles in these catalogues under the headings of *Erotica*, *Esoterica*, *Facetiotica*, and *Sexualrotica*, Tracy's Book Store now casts aside the veil and comes out boldly into the open with a department of—*Dirty Books*."

The single entry in Tracy's new department was *The Field Book of Manures; or, the American Muck Book*, by D. J. Browne, published in 1885.

SHEEP-BRANDING seems simple and yet it's a complicated business subject all in itself. We commented recently on the suggestion of Prof. J. F. Wilson of the College of Agriculture of the University of California that growers cooperate to brand sheep with chemicals or fire so as to produce large quantities of wool unmarred by paint. He thought the manufacturers would pay a higher price for it. But Robert T. Pound, of W. O. Pound & Sons, Inc., growers of registered Herefords and range sheep at Lavina, Mont., doesn't think so.

"Buyers of agricultural products *never* pay higher prices for improvements in handling the product, so far as our experience goes," Mr. Pound writes to us. "Dehorned, unbranded steers should bring more money, scouring out wool brands should bring more money—but try to get a quotation for the improvement!"

As to branding with chemicals or fire, he believes it would "leave frizzy ends on the branded wool which would not take dye in the same proportion as other wool, and so would be undesirable." Branding on the Pound ranch is done with a paint that usually lasts a year but is guaranteed to scour out of the wool.

THE National Bureau of Casualty and Surety Underwriters is publishing a 260-page book, "Man and the Motor Car." It's intended primarily as a textbook for high schools that give courses in driving. The young are naturally tempted to

drive recklessly, but we know some of them who act as a safe and adult influence on their childish reckless parents.

NOTE from a Middle Western laundry-owner: "Zero weather makes family washings come our way. January was 25% better than any previous month. Our total sales last year were considerably better than '29; so were profits. That calls for a conservative expansion: a garment-storage vault and an automatic fire-sprinkler system, the latter just completed.

"And was I indignant when last week our new fire insurance rate was published!—18½¢ as against \$1.03. We had planned on only a 66% reduction, which would pay out the sprinkler installation in six years; now the darned thing will be paid for in four years and our budget is all upset."

AND we call that the best sprinkler ad we ever read. We don't know what sprinkler system our friend uses, but we doubt whether any of its copywriters can turn out as brief and convincing a job as this customer has done.

THERE'S one hopeful circumstance about the quarrel involving several high officials of the Bureau of Navigation and Steamboat Inspection, who are charged with making themselves obnoxious in their zeal for safety at sea. At least somebody is showing enough zeal to kick up a fight on the subject.

For many years there was no fight. Every time a disaster occurred, all the way from the *Eastland* in 1915 to the *Vestris* in 1928, there was a dawdling investigation and little if anything was done to save lives. The *Morro Castle* disaster in 1934 produced a changed temper and a prospect of effective action. The fight in Washington is a sign of emotion, energy, and hope.

SEN. J. Hamilton Lewis, that venerable kidder, has come out with a pipe-dream about a joint Japanese-Russian attack on the United States. The story is silly but the senator isn't. Running for reelection in Illinois this year, he wraps up the Yellow Peril and the Red Peril in a single package as bait to the voters. This isn't the first time he's worked both sides of the street.

"I DON'T mind these cold evenings when it's hard to go anywhere," one of our friends said yesterday. "Sitting by the fire, with the wind howling outside, all I want is a pipe, a bottle of rye, and a detective story."

"I don't smoke; I'll take the book, the rye, and a box of chocolates," said her husband.



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TRUST COMPANY  
of NEW YORK**  
**FIFTY-SIX WALL STREET**



MEMBER: FEDERAL RESERVE SYSTEM  
NEW YORK CLEARING HOUSE ASSOCIATION  
FEDERAL DEPOSIT INSURANCE CORPORATION

FEBRUARY 22, 1936

## For a Real TVA Test

So far as it goes, the decision of the Supreme Court on the government's power operations at Wilson Dam is a blow to the public utilities and to the principle of private ownership and management of business. Within limits as yet undefined, it tolerates state socialism.

There may be a different story later on if a case arises in which the court passes judgment on the general policies of the Tennessee Valley Authority. But in the Wilson Dam case it narrowly restricted the scope of its decision. Giving Congress the benefit of every doubt, it accepted the legalistic assertion that the power development is merely incidental to navigation.

The same pretext may win a decision in favor of several other power projects, on the Tennessee River and elsewhere. But nobody can tell how far the court will go, either in applying and extending its decision on the Boulder Canyon Project Act or in modifying it.

In that case Arizona declared that the improvement of navigation was a mere subterfuge. It cited the language of the interstate compact that formed a part of the act. "The Colorado River has ceased to be navigable for commerce," the compact declared. But since Congress, in the act itself, declared that the purpose was navigation, the Supreme Court unanimously accepted the pretext. And now, not quite unanimously, it has done the same with respect to Wilson Dam.

Nevertheless it is not certain that other TVA power projects will be sustained. Wilson Dam was begun in 1917; some of the other great projects, such as the Norris and Wheeler Dams, were not begun until after the creation of the Tennessee Valley Authority in 1933. Hence they may be judged in the light of the general policy of that Authority. This is what Justice McReynolds, the lone dissenter, asserts should have been done in the Wilson Dam case. His colleagues did not agree with him; but perhaps at least four of them will join him in that reasoning when the other projects come up for judgment.

They may join him in quoting the statements of the Tennessee Valley Authority that it intended to provide a "yardstick" for measuring the fairness of utility rates; that its aim was

"the electrification of America"; that it considered its power policy "a permanent and independent commercial function"; and that it would "carry this program into every town and village, and every farm throughout the country."

This is the program, not navigation! Surely there is reason to hope that the Supreme Court will interpret this program as indicating the reasons for those large projects that were begun in 1933 and later.

Unless the Supreme Court acts in this realistic fashion, the socialistic policy of the Tennessee Valley Authority may be extended over most of the country. Sen. Norris (that shining knight of navigation) recently announced a plan for a Mississippi Valley Authority, and other grandiose schemes are also popping up.

Perhaps they will be stopped by a Supreme Court decision which overrides the pretext of navigation and calls a power project by its honest name. The sooner a case affecting the new TVA projects can be brought before the court, the stronger the likelihood of winning a decision against state socialism. For any court is naturally reluctant to destroy a governmental enterprise after it has attained such size that the fortunes of large populations are involved with it.

## Snap Judgment on Price Control

The Senate Judiciary Committee has done a rush job with the Patman-Robinson price-control bill. It has reported the bill favorably, though it has not held a single hearing. This is extraordinary haste. Naturally it has evoked many telegraphic protests from individuals and firms that wish they had been allowed a chance to appear at hearings and submit their objections. These protests have

angered some senators. They declare a lobby is working against the bill.

Well, why not? Isn't there a lobby working for it? The bill strongly affects many practices of manufacturers and distributors. Haven't they a right to object to it? The House Judiciary Committee has not been altogether reasonable in its attitude towards price-control, but at least it has held hearings. The Senate committee makes a snap judgment and cries "Lobbyist" because people object.

## Ways of Providing More Skilled Labor

The problem of the shortage in skilled labor is getting more attention. The American Management Association discussed it in a recent Personnel and Industrial Relations Conference in Chicago, and will consider it again at a Production Executives Conference in Cleveland Apr. 16. There is no single solution of the problem, because it differs from industry to industry and from season to season.

Sometimes it may be partly solved by the cooperation of several firms within an industry. Airplane manufacturers in California, for example, are doing a rushing business, largely because of naval orders. They need skilled workers and may arrange an exchange plan.

If a company is very large, it may devise an exchange plan among its own divisions or subsidiaries. Some of the leading automobile manufacturers, for instance, have adjusted the operations of their subsidiaries so that workers may be shifted from one plant to another.

Much of the shortage of skilled labor is year-round. It is due largely to the neglect of apprentice-training programs during most of the depression. Detroit is now trying to remedy this through apprentice courses in 47 factories. In the East a large machine-tool firm, with an apprentice course, accepts men sent to it by smaller firms that lack the facilities for thorough training. A large electrical manufacturing shop trains every man for at least two jobs. As recovery continues, many other methods of remedying the labor shortage will be tried out.

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